Austria Sch22	Indonesia Rp3100	Portugal Esc100
Bahrain Din0.650	Israel IS3.50	S.Arabia Rls6.00
Belgium BFr48	Italy L1600	Singapore S$4.10
Canada C$1.00	Japan Y600	Spain Pta125
Cyprus C£0.75	Jordan Fils500	Sri Lanka Rup30
Denmark DKr9.00	Kuwait Fils500	Sweden SKr8.00
Egypt E£2.25	Lebanon $1,100.00	Switzerland SFr2.20
Finland Fmk7.00	Luxembourg LFr48	Taiwan NT$85
France FFr6.50	Malaysia Rin4.25	Thailand Bht50
Germany DM2.20	Mexico Pes300	Tunisia Din0.800
Greece Dr100	Morocco Dh6.00	Turkey L500
Hong Kong HK$12	Netherlands Fl3.00	UAE Dh6.50
India Rup15	Norway Nkr7.00	USA $1.00

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,296 — Tuesday July 28 1987 — D 8523 A

Peru's tough guy plays it close to the edge, Page 18

World News

Panama steeled for general strike

Panama faces a nationwide strike today which threatens to paralyse the banking industry and disrupt shipping in the Panama Canal. The two-day strike has been called by opposition groups seeking to remove the country's Defence Force chief General Manuel Antonio Noriega, who has been accused of political killings and corruption. Page 4

Punjab violence

Sikh extremists shot dead three Sikh men and a woman, bringing the July death toll to 200 as a result of violence in the northern Indian state. The monthly death toll was the highest since June 1984 when the Indian army stormed the Golden Temple in Amritsar.

Embassy guard

Lebanese police deployed around the Swiss embassy in Moslem West Beirut following a threat against Swiss interests if Switzerland extradited a Lebanese hijacker to France.

Nazi executed

Former Nazi extermination camp guard Fyodor Fedorenko, 80, was executed in Moscow, Tass news agency reported. No details of the execution were given.

Standstill in Athens

Athens ground to a standstill as Greece sweltered for the eighth day of a heatwave. The death toll rose to more than 700 and almost one million people deserted the city for the cooler breezes of the islands.

Swim to West

An East German farmer swam across the River Elbe and reached the West German shore safely. The 27-year-old man who climbed across border fortifications was one of five East Germans to cross the border in the past two days.

Ferry prosecution

Belgian Minister of Communications and External Trade Herman de Croo warned that those held responsible for the capsize of the British ferry Herald of Free Enterprise in April could still be prosecuted under Belgian law. Page 2

ANC funeral

Assassinated African National Congress official Peter Sello Motau was buried in a peaceful ceremony attended by anti-apartheid activist Winnie Mandela who confronted police when they detained three black youths at the ceremony. Page 3

South Korea floods

Torrential rains caused landslides and floods that left 68 people dead, 14 missing and thousands homeless. It was the third time in three weeks that Seoul and nearby areas had been hit by storms.

Surfing the Atlantic

A young French athlete, Stephan Peyron aged 26, made the first solo transatlantic crossing on a wind surfboard arriving at the Brittany coast

French air strike

Pilots and flight deck crew from France's domestic airline Air Inter will strike on Saturday and Sunday in a dispute over manning levels on new planes. French air traffic controllers are in their 15th week of industrial action over pension payments.

French on standby

France put an aircraft carrier task force on standby for possible action in the Gulf. Defence Minister, Andre Giruad, said the move was purely precautionary.

Shultz meeting

US Secretary of State, George Shultz, met the Russian Ambassador in Washington to discuss a meeting later in the year with the Soviet Foreign Minister, amid increased signs of arms control progress.

Business Summary

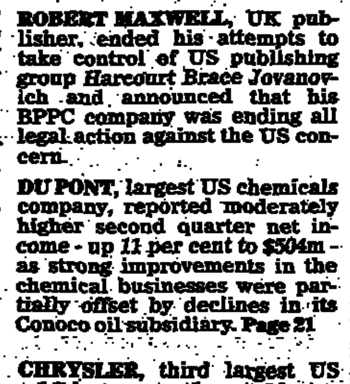
Maxwell gives up bid for US publisher

ROBERT MAXWELL, UK publisher, ended his attempts to take control of US publishing group *Harcourt Brace Jovanovich* and announced that his BPPC company was ending all legal action against the US concern.

DU PONT, largest US chemicals company, reported moderately higher second quarter net income - up *11 per cent to $504m* - as strong improvements in the chemical businesses were partially offset by declines in its Conoco oil subsidiary. **Page 21**

CHRYSLER, third largest US vehicles group, is considering *supplying cars to Europe from* its plant in Canada and Mexico to take advantage of tax rebates available to exporters in those countries. **Page 21**

ALUMINIUM: London Metal Exchange aluminium market *built on its recent strength*, with



the cash position gaining another £7 to £1,074 a tonne - a 28 month high. The dollar-denominated LME contract ended the day only $1 above Friday's close at $1,640 a tonne. **Commodities, Page 30**

WALL STREET: *The Dow Jones industrial average closed up 8.61 at 2,493.94. Page 42*

LONDON: A fresh setback in government bonds set the scene for another day of sliding equities. Bonds showed net falls of 1 3/4. The FT-SE 100 index was down 13.0 at 2,333.9 and the FT Ordinary index lost 10.8 to 1,834.2. **Details, Page 38; UK bonds tumble, Page 6**

TOKYO: Investment trusts stepped into the market, lifting the Nikkei average 140.07 to end at 24,104.98. **Page 42**

GOLD fell $1.00 on the London bullion market to close at $452.25. It also fell in Zurich to $452.50 ($453.45). **Page 30**

DOLLAR closed in New York at DM 1.8580, Y150.65, SFr 1.5390 and FFr 6.1750. It rose in London *to DM 1.8550 (DM 1.8535)*; to Y150.35 (Y149.910); to FFr 6.1725 (FFr 6.1675); to SFr 1.5385 (SFr 1.5385). On Bank of England figures the dollar's exchange rate index was unchanged at 103.7. **Page 31**

STERLING fell in London to $1.5985 ($1.6040); to DM 2.9650 (DM 2.9725); to Y240.25 (Y240.50); to SFr 2.46 (SFr 2.4625); and to FFr 9.8675 (FFr 9.8925). The pound's exchange rate index fell 0.2 to 72.5. It closed in New York at $1.5965. **Page 31**

ELSEVIER, Dutch publisher, has raised by about 12 per cent its hostile offer for Kluwer, smaller rival, in a surprise move to top a competing, friendly bid by Woltors Samson. **Page 22**

FIRST CITY Holdings, which has been at the centre of a Singapore government investigation into possible improper share transactions, said it planned to sell its entire stake in First Capital Corp to United Industrial Corp. **Earlier story, Page 24**

TORRAS HOSTENCH, Catalan paper company regarded as the spearhead of a Kuwaiti investment offensive in Spain, has become the main shareholder in Union Explosivos Rio Tinto (ERT), leading Spanish chemical group, by buying up some of 15 per cent of its capital through the Barcelona Stock Exchange. **Page 21.**

Aquino says banks forced through $13bn debt deal

BY RICHARD GOURLAY IN MANILA

PRESIDENT Corazon Aquino of the Philippines yesterday launched a swingeing attack on the country's creditor banks during her first state-of-the nation address to the new Congress.

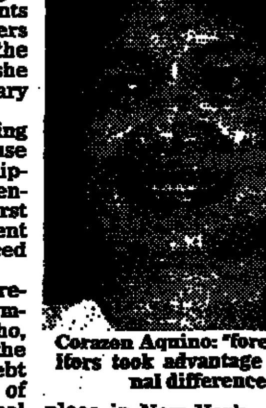
Mrs Aquino, vowing to fight both the communist insurgents of the left and the coup plotters of the right, made possibly the most forceful speech since she became President in February last year.

Her address to the first sitting of the newly-elected two-house Congress marked the Philippines' return to full parliamentary democracy for the first time since former President Ferdinand Marcos introduced martial law in 1972.

She reserved her strongest remarks for the 12-member committee of creditor banks who, she said, had "coerced" the country into signing a debt agreement covering $13.2bn of the country's $28bn external debt earlier this month in New York.

"Under the continued threat of a cut-off in trade credits which would have given new vigour to the enemies of democracy, and given them a signal to seize the moment, we had to relent and sign the agreement," *she told the joint houses of Congress.*

Mrs Aquino appeared to be referring to at least four coup attempts directed at her government during the 17 months of her presidential term. The signing of the debt accord took



Corazon Aquino: "foreign creditors took advantage of internal differences"

place in New York a few days after the Philippine military *held five officers for questioning* in connection with an alleged coup plot.

"We cannot help but feel our foreign creditors took undue and unfair advantage of the internal differences we had with factions intent on subverting *this Government and destroying* our democracy," Mrs Aquino said to sustained applause.

Bankers in Manila denied that there was ever any coercion to sign the agreement or that there was any threat to cut the country's $2.99bn trade credit line.

Mrs Aquino's attack on the banks appears to follow a last-minute hitch in the debt negotiations after Barclays Bank *refused to sign the debt agreement* in New York on July 17. *Manila* bankers said Barclays, supported by two US banks which did sign, refused because the Philippines Government had not fulfilled a promise made under Mr Marcos to adopt $56m of debt owed to the banks by the fertiliser company Planters Products Inc.

The Manila bankers said Barclays demanded a guarantee signed by the Philippines Government and would not accept a telex from Mrs Aquino saying that the Planters Product problem has been "sorted out."

Stephen Fidler, Euromarkets Correspondent, adds: In London, Barclays confirmed yesterday that it had not signed the Philippines rescheduling deal, because it was awaiting "a satisfactory resolution" to the *Planters Products* question.

A spokeswoman for the bank said the Philippines Government was aware of the circumstances under which the bank would sign the agreement, but declined to expand on them. However, the bank was making *headway on the issue, she said.*

Two important US lenders, Citibank and Manufacturers Hanover, both expressed concern prior to July 17 about the treatment of Planters Product debt, but went ahead and signed the agreement.

Nato tables fresh plan on conventional forces

BY JUDY DEMPSEY IN VIENNA

THE 16 MEMBERS of Nato yesterday presented a draft mandate in Vienna for new negotia*tions on the reduction of* conventional forces in Europe.

If accepted by the Warsaw Pact, it will lead to the eventual phasing out of the deadlocked Mutual and Balanced Force Reduction (MBFR) talks, which have been taking place in the Austrian capital for the past 13 years.

The mandate on "conventional stability" seeks to eliminate military inequality in Europe and reduce the possibility of either side launching a surprise attack. Unlike the MBFR, the talks would take place within the overall framework of the Conference on Security and Co-operation in Europe (CSCE), thus taking account of French objections to bloc-to-bloc talks.

The mandate was presented at the meeting of the 23 member countries of Nato and the Warsaw Pact which have been meeting in Vienna since February to *look at ways of giving* a fresh impetus to the cutting of conventional forces in Europe.

The Soviet Union tabled its own draft mandate on June 22, but this was described by the Russians as only "talking points" rather than a definite proposal. It included, notably, a proposal that short-range nuclear weapons and some tactical aviation systems should also be covered by the negotiations, a suggestion firmly opposed by Nato.

Moscow's plan also envisages the participation of all 35 CSCE signatories in the new conventional arms talks, while the Nato countries want the negotiations proper to take place only between themselves and the Warsaw Pact members. The participants would then report back periodically to the wider CSCE forum, which includes neutral and non-aligned countries.

The four-page Nato draft, which, unlike its Soviet equivalent, is described as "a complete mandate," lays down three essential objectives for the proposed negotiations:

- The establishment of a stable and secure balance of conventional forces at lower levels;
- The elimination of disparities between Warsaw Pact and Nato conventional forces prejudicial to stability and security;
- The elimination, as a matter of priority, of the capability for launching surprise attack and for initiating large-scale offensive action.

The elimination of inequalities in offensive weaponry would be achieved in several steps, subject to effective verification procedures, according to Nato officials.

EC proposes to cut farm prices in reform package

BY TIM DICKSON IN BRUSSELS

SWEEPING powers to cut guaranteed EC farm prices and limit Community purchases of unwanted food will be proposed tomorrow by the European Commission.

The proposals are likely to alarm European farmers and arouse the suspicion of member states such as Britain, West Germany and France that Brussels is seeking an unwarranted extension of its authority.

The powers are part of the Community's drive to keep bud*get spending under control and* to limit the spiralling costs of the Common Agricultural Policy.

The most controversial recommendation concerns cereals and involves the creation of a production ceiling, beyond which EC support would be curtailed.

Mr Frans Andriessen, the EC's Agricultural Commissioner, who drew up the detailed proposals in secret, is believed to favour a limit of 155m tonnes, well below the 173m tonnes which Eurostat, the EC's statistical service, has been predicting for the Community's cereal harvest in the current year.

Other ideas cover most of the major product areas, including cereals, oilseeds, beef and wine.

The latest proposals, expected to be endorsed by Mr Andriessen's colleagues at a full meeting of the Commission in *Brussels tomorrow, have largely* been inspired by the concept of "automatic stabilisers" - a generic term for measures automatically enforced when movements in world currency or agricultural markets threaten to increase spending above budgetary limits. This is why Brussels wants the new powers to be able to take quick remedial action when things go wrong.

Mr Andriessen will say tomorrow that CAP reform has achieved much since 1984 and that cumulatively the measures taken in the last three years will achieve Ecu 6bn ($6.72bn) savings this year. But he will stress that more needs to be done, particularly in the cereals, beef and oilseeds sectors.

Commission officials say that his latest ideas virtually amount to a new price package, although at this stage they have not yet been turned into formal proposals.

The intention for each sector, however, will be made clear. The Commission, for example, is expected to insist that infuture, the tapering-off of aid in the oilseeds sector should be more severe than currently permitted if market conditions dictate, while the restrictions on re-planting in the table wine sector could be extended to quality wines.

Thousands protest in Sri Lanka over Tamil autonomy

By Mervyn de Silva in Colombo and K. K. Sharma in New Delhi

RIOT POLICE were called out yesterday as thousands of Sinhalese demonstrators took to the streets of Sri Lanka to protest against the proposal to give the minority Tamil population a semi-autonomous homeland in the island.

At the same time, Mr Rajiv Gandhi, Prime Minister of India, who has negotiated the deal, confirmed last night that he will fly to Colombo tomorrow to *sign the agreement* with President Junius Jayewardene in spite of objections by leading Tamil guerrilla leaders.

Mr Gandhi has been involved in a race against time to persuade the main Tamil group, the Tamil Tigers, to accept the peace proposals before tomorrow.

The main leader, Mr Vellupillai Prabhakaran, who was flown out of the Tamil northern Sri Lankan stronghold of Jaffna by the Indian Air Force at the weekend, objects to two elements of the peace plan: the surrender of all Tamil arms by Friday and a referendum within a year in which the population of the eastern province *could vote for a demerger from* the north.

The key element is to give the Tamils their semi-autonomous homeland by merging the northern and eastern provinces although the eastern population is only one-third Tamil. Mr Gandhi is leaning hard on the Tamils, who have been sustained by Indian support.

In Ampara in the eastern province, tear gas was used to disperse a crowd of about 2,000 Sinhalese protesters, including 300 Buddhist monks. Several people were injured.

President Jayewardene summoned a special session of the cabinet yesterday. Mr Ranasinghe Premadasa, the Prime Minister, is one of the sternest critics of India's role in the ethnic conflict. The peace plan was drawn up without his knowledge while he was out of Sri Lanka.

He opposed the plan yesterday, objected to making India a guarantor of the peace accord and argued against Mr Gandhi's visit to Colombo. But, in *the end, the Cabinet agreed to* leave the matter in the president's hands.

A sign of Indian difficulties in persuading Mr Prabhakaran to accept the plan was Mr Gandhi's hurried invitation to the Chief Minister of Tamil Nadu, Mr M. Ramachandran, the Tamil leader's chief patron, to join the talks in New Delhi.

CGE acquires control of Occidentale

BY PAUL BETTS IN PARIS

SIR JAMES Goldsmith, the Anglo-French financier, has sold most of his FFr 1.5 bn ($243m) stake in Generale Occidentale, the master company in his financial empire, to Compagnie Generale d'Electricite (CGE), the recently privatised French telecommunications and heavy engineering group.

CGE, which has been a key shareholder of Generale Occidentale for the past eight years, will now become the single largest shareholder.

Mrs Gilberte Beaux, managing director of Generale Occidentale, said yesterday that Sir James would continue as chairman although his shareholding will fall to under 5 per cent.

The view in Paris yesterday was that Sir James's move was an initial step in a new series of financial manoeuvres.

The CGE involvement was being interpreted as the latest chapter in the battle for control of major French publishing and media groups.

CGE indicated yesterday that the deal was part of the company's efforts to develop its presence in service industries.

The deal represents a new episode in the complex power struggle for control of France's major publishing, broadcasting and media groups which has intensified with the approach of next year's presidential elections and the deregulation of the French broadcasting industry.

The main French assets of Generale Occidentale are in publishing, including control of Presses de la Cite and the Express magazine group which Sir James has headed for the past ten years.

The company's other assets are in the US - the Grand Union supermarket group, the Diamond International timber business and the Basic Resources International (Bahamas) oil concern.

Generale Occidentale had sales of FFr 18.9 bn last year and reported net income, excluding minority interests, of FFr 481.3 m, compared with net earnings of FFr 392 m previously.

The CGE deal involves Sir *James selling his outstanding* 51 per cent stake in Trocadero Participations, the financial holding which owns 34 per cent of Generale. Through Alphalec, a financial company owned jointly with Credit Lyonnais and UAP, the French insurance group, CGE has been a long-term 49% shareholder in Trocadero.

Sir James Goldsmith: sold stake for Ffr 1.5bn

As a result, CGE has played a major if discrete role in Generale Occidentale. Alphalec has six members on the board of Trocadero, compared with five representatives for Sir James. CGE members include Mr Ambroise Roux, the former CGE chairman, and Mr Pierre Suard, the current chairman.

CGE is expected to pay about FFr 1.5 bn for Sir James' 51 per cent stake in Trocadero, although the value was not being *disclosed.*

This is based on a current overall market capitalisation for Generale Occidentale of about FFr 9 bn. CGE will have a direct stake of around 25 per cent in Generale Occidentale since Credit Lyonnais and UAP will retain their minority interests in Alphalec.

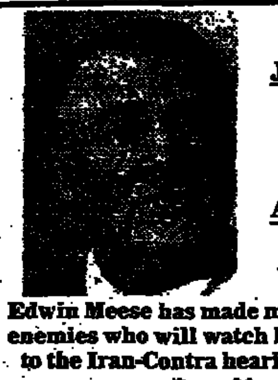
CGE, which normally seeks to have at least 51 per cent control of companies under its orbit (including the recent telecommunications joint venture with ITT), has felt on this occasion comfortable in controlling the Goldsmith company with a minority shareholding.

With Presses de la Cite, for which Sir James beat Mr Carlo de Benedetti for control in a heated takeover battle last year, and L'Express, Generale Occidentale has become one of the leading publishing groups in France. Sir James had also sought but failed to gain control of the France's fifth TV Channel.

Although Sir James has indicated he plans to continue seeking to build a multi-media European publishing and

Continued on Page 20

Europe	2
Companies	22
America	4
Companies	21
Overseas	3
Companies	24
World Trade	4
Britain	6-8
Companies	26-29
Agriculture	30
Appointments	13,25
Arts - Reviews	17
World Guide	17
Commercial Law	12,13
Commodities	30
Crossword	32
Currencies	31
Editorial comment	18
Eurobonds	29
Euro-options	32
Financial Futures	31
Gold	30
Intl. Capital Markets	29
Letters	19
Lex	20
Management	10
Market Monitors	42
Men and Matters	18
Money Markets	31
Raw Materials	30
Stock markets - Bourses	39,42
- Wall Street	39-42
- London	35-38, 42
Technology	11
Unit Trusts	32-35
Weather	20
World Index	32



JUDGMENT DAY FOR THE US ATTORNEY GENERAL

Edwin Meese has made many political enemies who will watch his testimony to the Iran-Contra hearings closely. Page 20

Gulf: US tanker reflagging operation goes into slow motion ... 3
Argentina: stumbling blocks in the way of a moving capital ... 4
Energy: Britain prepares to put electricity on the privatisation block ... 7
Management: third time lucky for computer expert? ... 10
Technology: deep thoughts on the hot topic of gas resources ... 11
Editorial comment: half-measures on EC steel; Mahathir mends some fences ... 18
Lex: GEC/Gilbarco deal; Hogg Robinson demerger; Reuters ... 20
Stockmarkets: Helsinki bourse comes of age ... 42

Soviet warning to West over Rust escapade

BY PATRICK COCKBURN IN MOSCOW

THE WEST should not judge the competence of the Soviet armed forces by the failure of the country's air defence to stop Mr Mathias Rust, the young West German pilot, landing his aircraft in Red Square, General Dmitri Yazov, the Soviet Defence Minister, warned yesterday.

"I would like to say directly that we would not recommend anyone to try to test our strength," Gen Yazov said yesterday in the Communist party newspaper, Pravda. He was appointed Defence Minister as a result of Mr Rust's flight in May.

The article, the first by Gen Yazov since his appointment, is notable for its endorsement of the new military doctrine advocated by Mr Mikhail Gorbachev that the Soviet Union need not expand its armaments above a level of "reasonable sufficiency" required for defence. This in turn implies that defence will receive a lower priority in the allocation of economic resources in coming years.

In an influential article, also in Pravda earlier this month, Dr Yevgeny Primyakov, a senior advisor on foreign policy to Mr Gorbachev, wrote that political rather than military methods of guaranteeing Soviet security were now coming to the fore.

"On a number of occasions in the past," he continued, "we accepted the 'rules of the game' imposed on us which consisted in making symetrical responses to US moves in the arms race. It may be assumed that the US thereby deliberately intended to exhaust us economically."

Dr Primyakov argued that the doctrine of "reasonable sufficiency" meant that the Soviet economy would no longer be put under such strain as it was in the past through trying to match new American weapons.

Although the input of the armed forces into security policy diminished after Mr Gorbachev became leader in 1985, it is only since Gen Yazov replaced Marshal Sergei Sokolov

Gen Yazov: 'Do not try to test our strength'

as a result of Mr Rust's flight, that the diminished role of the military has been spelled out publicly.

Over the past two months the competence of the armed forces has also been heavily criticised by senior leaders. At a meeting of Moscow military district in June, Mr Boris Yeltsin, the Communist party leader in the capital and a non-voting member of the politburo, said that Mr Gorbachev's restructuring had had no impact on officers charged with defence of the capital.

Mr Yeltsin accused them of "favouritism, nepotism, individual whim and secrecy." Reporting the same meeting, the armed forces daily newspaper, Krasnaya Zvezda, named two air force generals and one colonel in Moscow military district who "convincingly showed how rudeness, boorishness and intimidation lead to the loss of party qualities, social distortions and moral disease."

These are not terms in which senior Soviet officers are accustomed to read about themselves in their own newspaper, particularly as it goes on to describe some officers as "toadies, bootlickers, sycophants and window dressers."

Belgium could prosecute over UK ferry disaster

BY WILLIAM DAWKINS IN BRUSSELS

THOSE HELD responsible for the capsize of the Townsend Thoresen ferry Herald of Free Enterprise in April could still be prosecuted under Belgian law, Mr Herman de Croo, the Belgian Minister of Communications and External Trade, warned yesterday.

He voiced astonishment that the recently completed British inquiry into the disaster, in which 188 died, had not led to judicial proceedings against the staff involved. Speaking in a television interview from an Unctad meeting in Geneva, Mr de Croo confirmed that there could be circumstances in which anybody charged could be legally obliged to appear before a tribunal in Belgium.

Whether legal action can be taken in Belgium will be up to the examining magistrates in Bruges, near the scene of the disaster, who will decide after they have completed their own inquiry, possibly by the early autumn.

Government officials yesterday emphasised that while the Bruges magistrates were independent, the Belgian inquiry was under the ultimate aegis of the Ministry of Justice. There was no indication yet which way the decision would go, but the local courts theoretically had the right to prosecute any member of the ships crew or the company owning it, Townsend Thoresen, on the grounds that the accident took place in Belgian territorial waters.

Call for deployment of French missile

FRANCE should station tactical neutron weapons in West Germany to strengthen the defence of both countries against the Soviet bloc, two former French defence ministers said yesterday, Reuter reports from Berlin.

Mr Charles Hernu, defence minister in President François Mitterrand's former Socialist government, told a West Berlin newspaper that security would be best served by deploying France's land-based tactical missiles on West German soil.

France has 44 pluton tactical missiles with a range of 120 km.

It is planning to replace the 13-year-old system with the more sophisticated Hades series, currently under development, which will be able to reach targets up to 350 km away and could carry neutron warheads.

"An agreement with the West German government over the introduction of these weapons will be the biggest task of the next French president," Mr Hernu said.

His views were echoed in a parallel interview by Mr Pierre Messmer, a leading figure in Prime Minister Jacques Chirac's party.

Neutron weapons are reduced-blast nuclear explosives which can kill people by heavy radiation while leaving buildings and equipment intact.

Bonn's opposition Social Democrats, responding immediately to the French suggestion, said they were firmly opposed to neutron weapons and would resist having a West German finger on any nuclear trigger.

Turkey warns US over weapons delay

By David Barchard in Ankara

THE TURKISH Government yesterday warned the US Deputy Secretary of State, Mr Michael Armacost, that military and political cooperation between the two countries was being endangered by ethnic lobby groups in the US Congress.

Mr Armacost was warned by the Undersecretary of the Turkish Foreign Ministry, Mr Nuzhet Kandemir, that Turkey's military equipment was not sufficiently modern to discharge its tasks in guarding the sea and land frontiers between Nato and the Warsaw Pact powers.

Mr Kandemir said that there was an urgent need to modernize Turkey's weaponry but the US Congress was not being helpful.

Turkey has been at loggerheads with ethnic Greek and Armenian groups inthe US Congress for several years. The Greek lobby seeks to link aid to Turkey to a possible withdrawal of Turkish troops from Cyprus, while Armenian groups have repeatedly angered the Turks by claiming that there was a genocide of Armenians in Turkey – an allegation which Turkey rejects.

Turkey's armed forces rely heavily on military aid from the US of about $590m this year, while Turkey's strategic location close to the Soviet Union makes it a vital ally of the US.

The competition for Irish newspapers comes from across the water, Hugh Carnegy reports

Ireland faces up to tabloid invasion

BY CONVENTION, national newspaper industries are strongly import resistant; but not so in the Republic of Ireland. Walk into any newsagent in Dublin and you will find more British titles on sale than Irish.

Most, especially the broadsheet papers such as The Times, the Daily Telegraph and the Guardian, sell only a fraction of the copies sold by the nationally-circulated Irish dailies, the Irish Independent, the Irish Times, the Irish Press and the Cork Examiner, all broadsheets.

But for some years the British tabloid dailies have been helping themselves to a big slice of the Irish market, with little sign of a challenge. Now there are moves afoot locally, if not to stem the invasion, then at least to win a share of the spoils.

Earlier this month Independent Newspapers plc, publishers of the Irish Independent, the Sunday Independent and the Dublin Evening Herald, announced a deal with Express Newspapers in London whereby all copies of the Daily Express, Sunday Express and Daily Star circulated in both Northern Ireland and the Republic would be printed in Dublin.

In addition, the two companies are planning to produce an Irish edition of the Star through co-operation with the Sunday World, a successful tabloid published by the Independent group.

The idea is to capture the bulk of the local daily market for tabloids with an identifiably Irish product. At present the British papers make little effort to give their papers sold in Ireland an Irish flavour, relying on common language and broadly similar interests in television, show business and sport for their attraction. All are at present produced and printed in Britain and carry British advertising.

The biggest selling British paper in the Republic (population 3.5m) is the Daily Mirror, the tabloid flagship of Mr Robert Maxwell's Mirror Group Newspapers. Helped by a small local editorial input it sells about 65,000 copies daily in the Republic, followed by the Daily Star with about 40,000 and Mr Rupert Murdoch's Sun with around 20,000.

These figures are more than doubled when Northern Ireland

ABC FIGURES FOR IRISH DAILY NEWSPAPERS JULY-DEC 1986
(Republic and Northern Ireland)

Irish Times	84,417
Cork Examiner	59,443
Irish Independent	152,137
Evening Herald	105,594
Irish Press	78,954
Evening Press	125,066

ESTIMATED BRITISH TABLOID SALES IN REPUBLIC OF IRELAND
(Publishers' and analysts' figures)

Daily Mirror	65,000
Daily Star	40,000
Sun	20,000
Daily Express	5,000
Daily Mail	4,300

sales are added. They compare with combined sales north and south for the four big Irish daily papers of 375,000 (the total population of the island is approximately 5m).

This is not the first attempt by the troubled Irish industry to mop up some of the market. Last year, a move was proposed whereby Mr Murdoch's News International titles, including the Sun and the News of the World, would be printed for Irish circulation by the Irish Press group, but this was halted by trade union objections.

Agreement would have been a welcome boost to the Press group, which has only just limped back into profit after several years of losses. Circulation of its three papers, the daily Irish Press, Sunday Press and the Dublin Evening Press, has fallen sharply during the 1980s, a launch of free-sheets in Dublin flopped and there have been industrial relations problems over new technology, including a long strike in 1985.

The Irish Press has now turned for help to experts from the London tabloid world, notably Sir Larry Lamb, former editor of the Sun. A change to tabloid format may be resisted but a move downmarket and to the right seems to be on the cards.

All the Irish papers, except the Cork Examiner have suffered, like their British counterparts, from slow moves into more cost-efficient technology (the Independent has yet to replace its hot-metal presses in Dublin).

With much smaller total output than British papers, unit costs are higher. In addition, 10 per cent VAT on newspapers and other high costs associated with Ireland's depressed, high-tax economy have pushed up cover prices to the point where the Irish papers are more expensive not just than the British tabloids but than the British broadsheets as well.

The Irish Times, at 55 Irish pence, compares with 40 Irish pence for the London Times. The Irish Independent and the Irish Press cost 50 Irish pence and 45 Irish pence respectively while the British tabloids sell for 30 Irish pence.

On the advertising side, Irish newspapers struggle to maintain their share against what they regard as unfair competition from the monopoly state broadcasting outlet RTE, with its two television channels and two radio stations, and a range of popular pirate radio stations.

Faced with these odds, the industry has turned to co-operation rather than head-on competition with the British as the favoured way to get a share of the market. Mr John Meagher, managing director of Independent Newspapers, said after the deal with Express Newspapers: "We're uneasy about the invasion but we've got to take the view that it's a commercial reality."

Fewer out of work in France

By George Graham in Paris

UNEMPLOYMENT dropped by 0.6 per cent in France last month to 2.645m after seasonal adjustments, the Ministry of Social Affairs announced yesterday. This reduced the rate to 11 per cent, its level at the beginning of the year, after three months at 11.1 per cent.

Mr Philippe Seguin, the Social Affairs Minister, said the June figure was good, and that subject to a possible deterioration in July and August, the last three months of 1987 would also be good.

He hoped for "a stabilisation of a lasting nature" and was now certain the Government would reach its objectives on unemployment. Mr Seguin recently set himself the limited goal of lower unemployment next March (the time of the presidential elections) than last March.

Over the past 12 months, however, unemployment has risen by 4.8 per cent, to 2.459m excluding seasonal adjustments.

The state statistical organisation, Insee, in its recent economic forecasts, predicted an increase of 110,000 over the course of 1987 in the number of people looking for work. This would bring unemployment close to 2.7m, or 11.2 per cent of the active population.

The improvement in the unemployment statistics has affected mostly younger job-seekers, who have been moved into the main job creation schemes set up by Mr Seguin after the right wing government of Mr Jacques Chirac came to power in March 1986.

REPORTS PRAISES STABILISATION PROGRAMME

OECD urges further restraint on Greece

BY ROBERT MAUTHNER.

GREECE HAS made "very encouraging" progress towards restoring its economy since the introduction of the 1985 stabilisation programme, but restrictive policies would have to be maintained after it expires at the end of this year for lasting results to be achieved, according to the Organisation for Economic Co-operation and Development.

In its latest survey of the Greek economy, the OECD says "sizeable underlying macroeconomic imbalances" would remain after the end of the programme. The degree and duration of restraint required subsequently would depend on the progress made in removing structural and institutional obstacles to a shift of resources from public and private consumption to investment and competitive sectors.

On the positive side, the report notes that the Government has broadly adhered to its stabilisation programme, in spite of union opposition. Last year, the current account deficit fell to $1.7bn from $3.3bn in 1985 and is estimated to have been reduced to 4 per cent of GNP in the first four months of 1987, only 1 percentage point above the end-of-year target in the stabilisation programme. It could well be down to 3 per cent by the end of the year.

The inflation rate, excluding the mechanical effects of the switch to VAT, has been cut to 15 per cent from 25 per cent at the end of 1985, says the report, and is likely to be 12 per cent at the year's end, still 2 percentage points above target.

The public sector borrowing requirement, which the Government is trying to reduce from 18 per cent of GNP in 1985 to 10 per cent at the end of this year, has dropped to around 13 per cent in the first four months and the year-end outturn is likely to be 11 per cent.

The report stresses, however, that without major reforms, notably on the revenue side, it will be difficult to lower PSBR to a manageable level. The most effective and most desirable way of strengthening public finance would be through a widening of the income tax base by ending "the privileged status of certain income groups" and particularly by drastically reducing tax evasion.

The OECD also warns that, beyond the current year, income policy can no longer be expected to bear the brunt of adjustment policies. The authorities have already announced a relaxation of present income norms and policy therefore must be switched to other instruments of restraint and to supply-side measures.

The organisation is particularly critical of the official financial support that has been given to loss-making private companies and points out that delays in closing non-viable companies and restructuring potentially competitive ones has diverted resources away from enterprises with a sound basis for expansion.

Czech economy grows by less than 2% in first half

BY LESLIE COLITT IN BERLIN

THE CZECHOSLOVAK economy grew by less than 2 per cent in the first half of the year compared with an original growth target of 3.5 per cent.

Industrial output was 2.7 per cent higher than in the same period last year. Growth was largely in energy and iron and steel. Production in engineering and chemicals declined, according to the statistical office in Prague.

The economic growth target—expressed in national income which is equivalent GNP minus services — was apparently revised downward earlier from 3.5 per cent to 3.1 per cent.

The statistical office said 31.2 per cent of Czechoslovak companies failed to fulfil their production plan. Efforts to alter the structure of production were also not "fully observed," which led to inadequate supplies of consumer goods and a rise in unsold industrial stocks.

Other economic targets were also apparently revised. Exports to the West were originally to have risen 4.2 per cent this year but targets recently published showed that a fall of 2.4 per cent is now planned.

Actual hard currency exports fell 2.3 per cent in the first six months. The target for imports from the West was similarly revised downward from 5.4 per cent growth to 5.1 per cent. Hard currency imports, however, rose 9.1 per cent in the first six months.

Polish hard currency debt up $2.2bn in six months

BY CHRISTOPHER BOBINSKI IN WARSAW

POLAND'S HARD currency debt has reached $35.7bn, an increase of $2.2bn since the end of December, according to six-monthly government figures. Some $1.8bn of the rise is put down to the fall in the value of the US dollar against West European currencies in which a large part of the Polish debt is held.

The increase comes against a background of a $774m hard currency trade surplus for the first half of the year which puts the Government within sight of its debt service payment target for the year of up to $2bn.

Hard currency exports at $3.3bn are 14 per cent up over the same period last year despite a 14 per cent fall in coal sales—an important hard currency earner. Imports, at $2.6bn are 2.7 per cent up and include a boost in grain purchases of more than 70 per cent to 3m tonnes.

Industrial output for the first half of the year stood at 3.1 per cent up on 1986, while incomes growth, at 25 per cent, has far outstripped plan targets.

Inflation, while high at more than 19 per cent, failed to match that figure and, with supplies to the shops up by a mere 2 per cent in constant prices, the growth in earnings is swelling private savings accounts and spilling over into the black economy.

Judy Dempsey talks to Abel Aganbegyan, disciple of radical change and right-hand man of Mikhail Gorbachev

Long years in Siberia pay off for Soviet economic reformer

IN JUNE 1965, a young economist travelled to Moscow to meet some friends. It was no ordinary meeting. His friends consisted of journalists and other intellectuals who had gathered to hold a private discussion on the state of the Soviet economy.

The 33-year-old economist dominated the meeting. He talked about "the pre-crisis situation" in the economy, about the need to change its management, as well as the need to change old habits. From all accounts, the discussion was lively and engaging.

The views of this economist were later published in the journal Mysl—the Russian for thought. In the meantime, this young Armenian, easily identifiable by his jet black hair and heavy build, returned to the Novosibirsk Institute in Siberia where he refined his ideas until the early 1980s. That was when he met Mr Mikhail Gorbachev who promptly made him one of his right-hand men for promoting radical changes in the Soviet economy. Today, Abel Aganbegyan is a household name among the country's economists, reformers and anyone closely connected with *perestroika* and *glasnost*.

It seems a long time for anyone to wait for official support for such radical ideas. But Mr Aganbegyan was lucky. At the Novosibirsk Institute, which was set up in 1958, he was surrounded by very talented economists, including Tatiana Zaslavskaya. It was she who, in 1983, wrote a trenchant but devastating analysis on the state of the Soviet economy in which she argued that the basic structures, as well as the assumptions about the organisation of the economy would have to be radically changed.

What did Mr Gorbachev think of that paper? "I did not know his reaction," says Mr Aganbegyan. "But he didn't stop the discussions. In fact, he took a keen interest in Zaslavskaya's work as well as the work of the institute."

So did Igor Ligachev, the number two who is now responsible for the party organisation. Mr Aganbegyan got to know him very well as far back as the early 1960s when Mr Ligachev was party secretary for the Novosibirsk area and later when he was in Tomsk. One can only conclude that it was a very useful connection for him to have.

Mr Gorbachev had earlier taken an interest in Mr Aganbegyan's own ideas when he was Agriculture Secretary from 1978-83, a difficult post for any aspiring politician, particularly since agriculture was, and continues to be, one of the more obvious failings of the economy. But Mr Gorbachev weathered all the storms. "That was when I met him," says Mr Aganbegyan adding that Mr Gorbachev always sought out experts, economists and individuals to throw up new ideas. "That was the time when our relationship became closer."

It seemed almost inevitable. Both men had come to the conclusion that unless some radical measures were taken, the economy would decline further. "We decided we could not continue with the old type of life" says Mr Aganbegyan who recalls the economy's rapid decline during the 1970s, a decline which pushed Mr Gorbachev to adopt radical measures, culminating in the June central committee plenum.

"We had negative tendencies, stagnation was setting in. We were approaching a crisis. That's why we had to do something. Our life pushed us to restructuring. Not to do anything would have been too risky."

The plenum achieved two things. It put the seal of approval on Mr Gorbachev's reform and it clearly spelt out what kind of reforms would be introduced over the next five years.

In a nut shell, the reforms will give greater freedom to state enterprises which will have the right to greater financial and managerial independence from early next year. The role of Gosplan, the state planning committee whose main task in the past was to work out overall economic inputs and outputs, will be changed. Instead of administrating the enterprises, Gosplan will become a supervisor, which means that the enterprises will have more say in their own management.

The State Committee for Prices will also undergo major changes. The state will continue to control basic things such as food and energy, but prices will be higher. Mr Gorbachev believes in trying to balance supply and demand.

The old taboos on preventing income differentials have fallen by the wayside. Differentials between skilled and unskilled workers will be increased, with the aim of providing incentives for higher productivity and better quality work. The role of profits and loans will play a much greater role, with the state playing a lesser one. The idea is that emphasis should be placed on the market where supply and demand will matter more.

In the meantime, limited private and co-operative enterprises will be introduced, mainly in the agricultural and services sector. In a word, the role of the state in the day-to-day running of the economy will be reduced, a decision which no doubt Mr Aganbegyan wholly supports.

The reforms, however, will not have a very smooth ride. Now that Mr Agenbegyan is a very close adviser to Mr Gorbachev, he can quickly identify the contraints on those who want to push through the tough, radical reforms. He knows too, that opposition to the new ways of thinking comes from several quarters.

Now that Mr Aganbegyan (right) is a very close adviser to Mr Gorbachev he can quickly identify the constraints on those who want to push through the tough radical reforms. He knows, too, that opposition to the new ways of thinking comes from many different quarters.

"The real problem is overcoming inertia and old habits. That is why it is so necessary to convince people, to teach them, to change their psychology." He should know. One of his hobbies is visiting factories. He has probably seen more than enough in the Soviet Union to convince him of the urgency of change.

On this point, he pins great hopes on the mass media as a means of institutionalising the new thinking. But even that will not be enough. Interest groups, he says, are deeply entrenched in society. "The problem is that while each group supports the idea of reform as a whole, each group resists those reforms which threaten its own interests."

Mr Aganbegyan has no qualms in pointing the finger at sections of the party apparatus and administration. He is just as critical of the top managers in the enterprises and on the collective farms. He describes them as yesterday's men, who are afraid of self-management, afraid of responsibility, and afraid of being voted out of their jobs by the workers. "They prefer working under conditions of orders, of instructions."

Sections from among the blue and white collar workers also come under attack. "They have been paid a lot of money in the past for doing very little. But now, they have to work harder for the same money and will lose some of their privileges."

Then there are those he refers to as "the anti-Socialist elements"—alcoholics, speculators, among others—"who are resisting this pressure for change." The ever-optimistic Mr Aganbegyan reckons, however, that these interests are not strong enough to stifle the reforms. And just to make sure, he says that Mr Gorbachev is calling a party conference for next June. Will more heads roll? "I don't think that there will be a completely new election to the central committee, but we shall 'renew' some of it," he says.

But what makes him so certain that Mr Gorbachev's reforms will succeed?

Mr Gorbachev himself recently complained that the Prime Minister, Mr Nikolai Ryzkhov had to send back proposals from the Talyzin Committee—which was set up to co-ordinate the activities of 26 working groups of academics and managers to look at ways in reforming different sections of society—because the ideas were not radical enough.

The irony is that Mr Aganbegyan is a member of this committee. In reply, he shrugs his shoulders. "People are human. The committee was under pressure from the ministries and from below. Some people think they are taking radical decisions but still keep old-fashioned ideas and habits. We had to keep refining the proposals."

Now, he says, the groundwork has been done. He recalls that it took two years to prepare for the plenum which took place in June and which finally put a stamp on the reforms. "All the isolated, disparate ideas have been united in one whole."

Is that enough? What about the old traditions of the Soviet state whose power is based on highly centralised structures? How can ideas about risk and responsibility be fostered without middle class elites and the liberal-minded professional groups which Stalin virtually destroyed? How can people believe in the feasibility and permanence of *perestroika* and *glasnost*?

Mr Aganbegyan is unruffled by such arguments. "If you want to have serious change, you have to analyse the past critically. We have already done this. "True, the old guard around Brezhnev and the preceding eras have been scrutinised and many party cadres have been replaced. Is that still enough to convince people? "We have to put all our eggs into the democratisation basket," he says. "People have to be given a stake in the reforms."

And instead of quoting Marx, Engels or Lenin, names which didn't once crop up in the conversation, he quoted Mr Gorbachev: "We have no way to retreat. We must go forward."

FINANCIAL TIMES

Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London. Printer: Frankfurter-Societäts-Druckerei-GmbH, Frankfurt/Main. Responsible editor: D. Albino, Frankfurt/Main. Guiollettstrasse 54, 6000 Frankfurt am Main 1. Tel: 75980; Tlx: 416193; FAX: 722677. © The Financial Times Ltd, 1987.

FINANCIAL TIMES, USPS No. 190640, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second class postage paid at New York, N.Y. and at additional mailing offices. POSTMASTER: send address changes to FINANCIAL TIMES, 14 East 60th Street, New York, N.Y. 10022.

US operation in Gulf grinds to halt

BY ANDREW WHITLEY IN DUBAI

THE US tanker escort operation in the Gulf has gone into slow motion, as the US Defence Department wrestles with the tricky problem of Iranian mines being discovered, in worrying numbers, in deep-water shipping channels.

The Kuwait Oil Tanker Company, owner of the 401,000-tonne Bridgeton, holed by a mine last Friday, was still awaiting permission yesterday from the US coastguard and the American Bureau of Shipping to start loading crude oil at an offshore terminal in Kuwaiti waters.

Certification by the ABS is required because the 10-year-old supertanker is now registered in the US under the terms of Kuwait's arrangement whereby part of its tanker fleet now flies the US flag.

The more critical decision as to whether the naval escorts for the tankers can resume in the near future also appears to be up in the air, pending a definitive solution to the mine problem. Unlike previous forms of attacks on Gulf shipping attributed to Tehran, no incontrovertible proof exists that the mines were laid by Iran. Any retaliation by the US, would be hard to justify.

Iran said yesterday it would attack tankers or oil installations of Iraq's allies, if Iraq were to attack Iranian shipping or offshore oil facilities.

Mr Hashemi Rafsanjani, Speaker of the Iranian parliament, when asked to explain Iran's "new policy of retaliation," said Tehran had abandoned the "principle of not attacking the installations of Iraq's partners.

"If it hits oil tankers, we will also retaliate against tankers," Mr Rafsanjani told the state-run Tehran radio. "If it hits oil terminals and oil wells, we will retaliate in the same way."

Kuwaiti officials indicated privately yesterday that a sailing date for the Bridgeton and the Gas Prince, the tanker that accompanied it under escort along the Gulf, is likely to be determined by the US Navy, although the two ships are Kuwaiti-owned and are carrying Kuwaiti oil and gas.

On present indications, no move is likely before the end of the week.

Unlike most tanker operators travelling to and from Kuwait, KOTC has not taken out war-risk insurance on its own vessels for the past three years. This policy was maintained when the Bridgeton and the Gas Prince were registered in the US.

The state-owned company thus faces a repair bill of $1.7m to $2m for the Bridgeton, according to shipping experts in Dubai. If KOTC had taken out additional insurance in London, the premium would have been about $100,000 for each 14-day period in the Gulf — equivalent to $2.6m in a full year.

Demjanjuk insists he was never at Treblinka

BY OUR JERUSALEM CORRESPONDENT

MR JOHN DEMJANJUK, who is accused of war crimes, testified yesterday for the first time in a packed Jerusalem court, as the defence began to present its case.

Denying he was the sadistic Nazi guard at the Treblinka death camp, known as Ivan the Terrible, Mr Demjanjuk told the court: "I was never in Treblinka, Sobibor, Trawnicki or any such place."

In his opening statement, Mr Yoram Sheftel, the new lead defence counsel said there were 29 survivors of the death camp who were unable to identify the accused, some of whom would be able to testify on behalf of the defence. This compares with only five witnesses who had been able to identify him, the lawyer said.

The defence counsel also said he had evidence that Mr Demjanjuk had been extradited to Israel from the US on the basis of improper identification procedures.

Israeli raid on Lebanese coast kills militiamen

By Nora Boustany in Beirut

ISRAELI commandos killed seven Sunni Moslem Lebanese militiamen, mistaken for Palestinian guerrillas, late on Sunday, security officials said in the Lebanese port of Sidon. This was the first seaborne Israeli attack on Lebanon since Israel invaded in 1982.

Fighters of the Nasserite Popular Liberation Army clashed with Israeli soldiers who had landed from boats on a coastal road south of Sidon and crouched behind mounds of sand. Seven of the Lebanese militiamen were killed and four others wounded. There were no Israeli casualties, according to reports from Tel Aviv.

As the first PLA jeep made a u-turn in an empty lot by the sand piles, Israeli commandos fired two anti-tank missiles at it, triggering a 15-minute battle.

The stretch of shore is casually patrolled by Palestinian guerrillas, based half a mile from the seafront, but it is now being policed by Lebanese Sunni militiamen, led by Moustafa Saad, who is considered sympathetic to the Palestinian leaders but no longer allied with them.

Israeli helicopter gunships dropped orange flares as the Israeli commandos withdrew towards the shore and departed.

There was no immediate explanation for the Israeli attack.

Hebrew lettering on spent cartridge cases, bullets and two rocket cases gave away the identity of the attackers, according to reports on official Beirut radio. Blood spattered the highway and wet sand along the beach showed footprints.

One of the surviving Lebanese militiamen told reporters in hospital that his Jeep had been set ablaze by rockets and machine-gun fire.

Palestinian guerrillas stopped patrolling the seafront and adjacent orange groves 10 days ago, following bloody battles with the Shi'a Maslem Amal militia. About 80,000 Palestinians reside in the Ain al Helweh and Mieh Mieh camps. The killings, if intended for Palestinians, would have set off a fresh round of Amal-Palestinian violence.

Andrew Whitley looks back nine years at an Iranian defence of the Strait of Hormuz

Gulf peace-keeping role changes hands

IRAN'S depleted air and naval forces stood by and watched impotently, as the US Navy-escorted convoy sailed up the Gulf, in defiance of Tehran's dire warnings to send the Yankees to a watery graveyard.

As the convoy went by unchallenged last week—until the reflagged super tanker Bridgeton hit a mine on Friday that is—some of Iran's longer-serving pilots and seamen at Bandar Abbas, the main air and naval base on the Gulf coast, could be forgiven if they experienced a mental time-warp, taking them back to nine years earlier.

In the summer of 1978, they had similarly been ordered to assemble at their seven bases, ready to launch a combined forces operation to defend the Straits of Hormuz. Hostile forces—said to be either Iraqi or pro-Iraqi—were reported to have captured the island of Larak, a strategically-placed lump in the throat of the narrow waterway, and the Iranians had to retake it.

Aboard the Commander-in-Chief's newly-delivered French missile boat, I watched the operation unfold. As Phantoms screamed low over Larak, dropping their payloads on to the supposed enemy forces, napalm flames soared repeatedly into the sky. Amphibious landing craft pushed ashore, disgorging waves of marines, while standing offshore a ring of destroyers and frigates used their big guns to lay on covering fire.

By nightfall, the operation was declared a success and the exercise brought to a close.

Downstairs, in the tossing boat's wardroom, the Commander's seasick courtiers were much relieved. Overshadowed by revolutionary storms then gathering strength across Iran, it had been an impressive show of force—the largest the Gulf had seen in modern times until this week.

The man on the bridge of the La Combattante II missile boat closely observing the exercise through powerful binoculars was none other than Mohammed Reza Pahlavi, Shah of Iran and self-appointed defender of the West's freedom of navigation in the Gulf. It was one of his last normal public appearances before being fatally besieged in his palace by the tide of unrest.


Ex-Shah of Iran: self-appointed defender

Within nine months he was to flee the country ignominiously, to die in exile, while the rag-bag of revolutionary forces spearheaded by Ayatollah Ruhollah Khomeini was to take the seat he had occupied for 37 years.

It is one of the less remarked-upon aspects of Operation Earnest Will, the unhappily-named US escort operation in the Gulf, that it would almost certainly not have been necessary if the Shah had still been in power. The risks of war with the old enemy, Iraq, were frequently in the Shah's mind; he took his role of defending the West's jugular vein—it was the stiff-necked Iranian monarch who invented the phrase—very seriously.

Emphasising the reversal of roles which has taken place over the past decade, Larak Island is now one of the Iranian Revolutionary Guards' improvised naval bases. From there they speed out in their small motor boats to challenge shipping entering the narrow, 24-mile wide waterway controlling access to the Gulf's immense oil reserves.

But now it is the US which, claims to be defending freedom of navigation against its former surrogate; while Iran is cast in the villian's role.

The Pax Iranica which briefly replaced the Pax Britannica in the Gulf has gone—its downfall brought about, at least in part, by the way in which the West for years stuffed the Iranian arms stocking, encouraging the Shah in his ambitions. No force has proved sufficiently strong, or sufficiently willing, to take Iran's place in the subsequent eight years until now.

To some eyes, the tanker escort operation looks like the first sign of a putative Pax Americana.

OAU may reject call for moratorium on debt service

BY ANDREW BUCKOKE IN ADDIS ABABA

THE ORGANISATION of African Unity appears likely to resist pressure from some of its members for a moratorium on servicing the continent's $200bn external debt, and to recommend instead a limit on annual service payments set at 20 per cent of export earnings.

The final draft of the resolution on external debt to be submitted to the heads of state meeting here at the annual summit that began yesterday, avoids reference to the moratorium sought by a group of heavily-indebted members. It says only that the OAU "feels debt service payments for African countries should not exceed 20 per cent of export earnings."

The communique urges further efforts to convene an international conference on Africa's debt, first proposed at the OAU summit two years ago, and to co-ordinate African countries' approach to rescheduling at the London and Paris clubs of the creditors. However, the resolution is likely to be a disappointment to such countries as Zambia, which recently severed links with the IMF and the World Bank, and Sudan, whose $13bn external debt would take more than 300 per cent of export earnings to be fully serviced. Sudan has unilaterally limited debt payments to 10-15 per cent of annual export earnings since June 1986.

More prosperous states, such as Kenya and most of the francophone countries, have argued for a vague resolution because of their desire to maintain inflows of new funds by keeping in the IMF and World Bank's good books.

According to Dr Adebaya Adedeji, chairman of the UN Economic Commission for Africa, in a speech to OAU foreign ministers here last week, developing Africa's export earnings fell from $60bn to $44bn in 1986. In the absence of significant new assistance from the international community, this made policy reforms or adjustment programmes impossible for many of them, even when they included the sort of economic liberalisation measures approved by the IMF or the World Bank.

Lange launches poll campaign

BY DAI HAYWARD IN WELLINGTON

MR DAVID LANGE, the New Zealand Prime Minister, launched his party's general election campaign yesterday with an appeal to voters to "have the guts to stick with the Labour Government" although the tough times of its economic re-structuring are not yet over.

Mr Lange stressed the need for more time for the government to complete its economic reforms and produce the promised benefits. He appealed to New Zealanders' sporting instincts, urging them to emulate the national rugby teams which won demanding matches against Australia during the past four days.

His televised meeting, with a packed audience in Christchurch town hall, will be the Prime Minister's only mass meeting in the three-week election campaign.

By contrast, the leader of the Opposition, Mr Jim Bolger, plans a series of nightly mass meetings around the country. He launched his campaign at the same venue on Sunday

Mr Bolger's campaign launch was in sharp contrast to that of the Prime Minister's. The audience of invited National Party members wore blue paper hats, waved flags and banners and streamers and balloons cascaded from the ceiling.

Mr Bolger devoted must of his time to attacking the Prime Minister's credibility and Labour's policies.

He promised to take New Zealand back into the Anzus defence treaty with Australia and the US.

S African Conservatives seek debate on ANC talks

BY ANTHONY ROBINSON IN JOHANNESBURG

SOUTH AFRICA'S right-wing Conservative Party opposition has called for a snap parliamentary debate today on the controversial meeting of the African National Congress (ANC) and 50 Afrikaners in Dakar two weeks ago.

The meeting, organised by the Institute for a Democratic Alternative in South Africa, has raised right-wing hackles. It has been followed by the assassination of an Idasa organiser and death threats against participants and their families.

Mr Mntonga's body was found in the back of a car in the homeland of Ciskei, with his hands tied behind his back and a single stab wound under his arm. He had been an organiser for the South African Allied Workers Union and the United Democratic Front, and was well known in the eastern Cape, an area with a long history of political militancy

WORLD TRADE NEWS

Brussels takes tougher line on import diversion

BY WILLIAM DAWKINS IN BRUSSELS

EC Governments will soon have to meet tougher criteria if they are to receive Community backing for national moves to stop the diversion between member-states of low-cost imports.

The move, agreed by the European Commission, is a prelude to the possible abolition of the import defence measure concerned, Article 115 of the Treaty of Rome.

It allows Governments to take measures to stop the deflection of non-Community imports from one member-state to another if they are creating economic difficulties.

The change will cause most worry to EC textile producers seeking protection from cheap Third World competition, because textiles account for 80 per cent of the trade governed by Article 115.

Under the present system, the Commission promises to give a final response within five days to requests to set up internal import barriers, which are normally forbidden under EC internal market rules.

Under the new rules—which do not need to be passed by member-states and are only awaiting final drafting—the Commision will give provisional clearance and reserves the right to review its decision later.

It will also demand more information on trade flows and the economic justification for seeking such protection.

Legal backing of this kind for internal trade barriers is seen in Brussels as incompatible with the EC's campaign to create a fully free internal market by 1992.

Article 115 is administered by internal EC customs posts, which would theoretically cease to exist if the internal market is completed.

The measure is also being used less frequently. Requests to the Commission for import restrictions fell from more than 300 in 1980 to less than 200 last year.

The future for Article 115 presents the Commission with a politically fraught dilemma. Total abolition of the scheme would raise objections from member-states, while replacement of Article 115 by Community quotas for sensitive products or new import duties would anger exporting countries.

Voest-Alpine to carry out Bulgarian smelter study

BY OUR VIENNA CORRESPONDENT

Voest-Alpine, Austria's largest state-run steel and engineering works, is to carry out a study on plans to modernise a Bulgarian smelting complex.

Voest-Alpine expects to receive follow-up orders for continuous casting and rolling mill equipment which could amount to Sch 3bn.

The giant Bulgarian steel works, once known as the Kremikovtsi kombine, now renamed the L. I. Brezhnev kombinat, is in the north-east of Sofia, the capital.

The management of the kombinat intend to replace ingot by advanced continuous casting and to modernise and automate all the downstream production steps.

Construction of the metallurgical works began in 1960 and was designed to process low-grade iron ores. However, coke and additional iron ore have had to be imported to the site, and since the plant is located far from good port facilities, it has been making considerable losses. Since 1963, the plant has undergone expansion, modernisation and rebuilding.

● Reuter reports from Duisberg, West Germany: Krupp Industrietechnik, a wholly-owned subsidiary of Fried. Krupp, has won an order worth DM 20m from Kang Won Industrial Co in South Korea to supply a special steel billet caster, the West German company said yesterday.

The plant is scheduled to go into operation in mid-1988 and will have a capacity of 450,000 tonnes a year.

China 'should cut export subsidies'

By Robert Thomson in Peking

CHINA SHOULD reduce export subsidies significantly and make foreign trade agencies more responsible for profits and losses, the official newspaper, International Business, has suggested.

The report said China needed to remove subsidies as soon as possible, but European and Asian diplomats believe that subsidies have risen this year as part of the country's drive to increase exports.

An official from the state statistical bureau has admitted that the government has been subsidising Chinese corporations committed to imports but has been unable to find the extra money needed since the 16 per cent devaluation of the Chinese currency last July.

International Business said the present system of subsidies "totally separates" domestic prices from the world market: "in the past, the gap was reflected in the fact that the purchase prices for domestic goods remained the same for quite a few years, while those on the world market kept fluctuating according to supply and demand."

The journal complained that foreign trade corporations, which are not required to make a profit, "purchase domestic goods at higher prices t han those at which they are sold on the world market." It also noted that China's foreign trade is "characterised by exporting what is produced instead of what is needed."

China's trade deficit, which was $11.97bn last year, fell to only $2bn for the first half of this year and is expected to keep falling. Exports rose 24 per cent in the first half, while imports fell by 6 per cent compared to the same period last year.

While International Business condemns other countries for increasing protectionism, the fall in imports and an increase inthe number of products requiring import licences are signs that China, too, has taken extra protectionist measures this year.

Member-countries of the General Agreement on Tariffs and Trade (Gatt) would no doubt support the sentiments expressed in the Chinese journal, and are awaiting Chinese answers to questions put as part of the assessment of its application to join the Gatt.

OVERSEAS DEVELOPMENT FUNDS

IMF chief backs Japan aid plan

BY WILLIAM DULLFORCE IN GENEVA

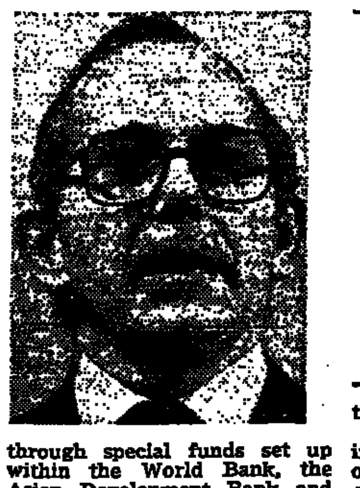
JAPAN'S programme for recycling $30bn of its payments surplus to developing countries over the next three years was warmly praised yesterday by Mr Michel Camdessesu, the managing director of the International Monetary Fund.

If other countries capable of contributing to the solution of the world debt problem acted with the same seriousness as Japan, a big step forward would be achieved, Mr Camdessus said.

Under plans outlined yesterday by Mr Tadashi Kuranari, Japan's Foreign Minister, to the United Nations Conference on Trade and Development, Japan will build up its overseas development aid to more than $7.6bn a year by 1990 and will increase grant aid to the poorest developing countries by some $500m over the next three years, as well as recycling $30bn.

Details of how the new $20bn recycling programme is to be effected are still being worked out with the IMF, the World Bank and regional development banks. But the Japanese say all the funds will be provided on an untied basis, with no stipulation that they be used for purchases of Japanese goods and services.

The new programme breaks down into $8bn to be furnished



through special funds set up within the World Bank, the Asian Development Bank and the Intra-American Development Bank.

These funds will be financed through direct contributions from the Japanese Government and private-sector monies raised on the Tokyo financial market.

A further $9bn will go to co-financing operations by Japan's Overseas Economic Cooperation Fund (OECF) its export-import bank and private banks with the regional development banks, and to direct lending by the OECF to developing countries.

'If other countries capable of contributing to the solution of the world debt problem acted with the same seriousness as Japan a big step forward would be achieved'—Mr Michael Camdessus, managing director of the International Monetary Fund (left).

Direct lending by the export-import bank, again in the form of untied loans, will be increased by $3bn.

In implementing the $10bn recycling programme announced last year, $2bn has already been allocated to a special fund within the World Bank and $600m has been raised through World Bank bond issues in Tokyo.

A SDR 3bn (£2.25bn) lending agreement with the IMF came into effect in December. Japan is contributing $2.6bn to the eighth replenishment of the International Development Association and $1.3bn to the Asian Development Fund.

Recent agreements with Indonesia and the Philippines illustrate how the recycling works. In a co-financing operation with the World Bank, the export-import bank is to provide $900m in united loans to Indonesia and some $300m to the Philippines.

Conditions are fixed on a case-by-case basis but the interest charged normally reflects the market rate, currently around 5 per cent.

Terms are 12 to 13 years with grace periods of five to six years.

The loan to Indonsia is supplemented by $164m in overseas development aid (ODA) lending at 3 per cent interest and with repayment over 30 years, including a 10-year grace period.

A similar $50m ODA commoty loan and 3.5 per cent interest has been provided to Bolivia in an import credit restructuring operation, co-financed by the World Bank.

Mr Kuranari also announced yesterday that as part of its recycling programme, Japan was talking to the Association of South-East Asian Nations (Asean) about ways, including joint ventures, of assisting growth in private industry.

Indonesia may build satellite centre

By John Murray Brown in Jakarta

INDONESIA is considering building its own commercial satellite launching centre, Mr Achmad Tahir, Minister for Tourism, Post and Telecommunications, said yesterday.

A fact-finding mission was sent to China earlier this month to discuss such a plan, and a similar team was to go to the Soviet Union in August.

Indonesia's position on the Equator has long been considered ideal for the launching of satellites. China has often expressed interest in using a site on the jungle island of Kalimantan for its Long March Rocket.

Indonesia has hitherto used US rockets to send its Palapa series satellites into space. However the Shuttle disaster early last year has put those plans badly off course. Indonesia has since launched its Palapa B-2p, built by Hughes Aircraft of the US, aboard Nasa's Delta rocket, but at markedly higher cost.

Indonesia is concerned that with both Nasa and European Ariane space shuttle programme looking fully booked at least into next year, it may be hard-pressed to send its latest into space on schedule.

Algeria hopes to hold imports to $7bn this year

BY FRANCIS GHILES

ALGERIA IS hoping that the stringent measures taken since the beginning of this year will hold imports to no more than $7bn for 1987.

Last year imports reached Dinar 43.5bn (£5.8bn), about one-fifth more than planned. In the same year foreign income, 97.8 per cent of which is derived from the sale of hydrocarbons, plunged by 40 per cent to just below $7bn.

A large backlog of trade arrears thus built up late last year which Algeria has tried to reduce.

Trade arrears with France, which accounts for one quarter of all Algerian trade, have declined from an estimated FFr 1.4bn (£116m) at the beginning of 1987 to below FFr 1bn today.

The measures oblige Algerian state companies to secure authority from the Central Bank for any foreign currency payment on a three monthly basis, in some instances every month.

Some observers doubt whether Algeria will succeed in curtailing imports so drastically over a 12-month period but the 40 per cent decline in French imports during the first five months of 1987, to FFr 4.6bn, suggests that the policy is proving effective.

Ironically, it is not necessarily those companies which protested the more vociferously which are being paid first.

Meanwhile, the cost of services is declining markedly as Algerian companies increasingly insist that imported goods be brought in on Algerian ships, even if this contravenes shipping agreements with some of its trading partners.

Consultancy contracts, which provided rich pickings for Western companies, are increasingly going to Third World countries, notably India, when they are not simply cancelled.

Meanwhile, Algerian bankers have succeeded in raising sufficient two-three year funds to finance all the 15 per cent downpayments on new contracts which, until 18 months ago, were paid in cash. Other imports, notably those of cereals and certain spare parts, are being purchased on credit.

ALGERIA IN 1987

	$bn
Exports	9-9.5
Imports	7-7.5
Trade Balance	+2
Debt interest payments	1.3
Services	0.5-0.7
Principal long and medium-term debt repayments	3.4
Foreign reserves (minus gold)	1-1.2

FT estimates

Algerian bankers should not find it to difficult to raise the $3.4bn-$4bn in foreign currency their country probably requires this year. They still have access to international capital markets, albeit in more restrictive and expensive fashion than before.

Over the next 12 months, they can borrow $500m from the World Bank with whom they will be conducting their first-ever exercise in co-financing later this year.

They have just raised $70m with the African Development Bank, the first loan from this source in 10 years and are discussing another smaller one. They have probably raised money, discreetly, from Saudi and Gulf institutions. Last year they were able to borrow $300m from the Saudi privately-owned Islamic Beit Ettamwil Saudi Tounsi.

They are also believed to be able to secure far more than the $150m they have raised from the European Investment Bank these past five years.

The trend to far this year suggests that Algeria's balance of payments might be in equilibrium this year. Its balance of trade will certainly be in surplus, but by exactly what amount is impossible to say.

Hard currency reserves are meanwhile believed to stand at just over $1bn, excluding gold worth a little more than that figure.

The higher spot market price of oil is significant for the country's foreign income, 97.8 per cent which is derived from hydrocarbons.

Half this income is derived from the sale of refined products and condensates, which are furthermore not subject to Opec quotas.

Considerable uncertainly still surrounds the estimated value of Liquefied Natural Gas exports, all the more as the dispuet with Gaz de France and Distrigas of Belgium over the terms of exports is as yet unresolved.

● Algeria, Libya and Tunisia have decided to create a joint natural gas transport company with the aim of supplying western Libya with Algerian gas.

Such a project, it is hoped in Tunis and Algiers, should help to build the basis of an economic co-operation between the three countries.

AMERICAN NEWS

Raul Alfonsin ignores pessimistic fears about plans for a new capital city, close to the Patagonian desert

The man looking south defies prophets of doom

A NEW Argentine film currently on the circuit in Buenos Aires is titled The man looking to the south-east. Its subject is an extra-terrestrial (in human appearance) who appears one day in a mental-asylum in the Argentine capital, intending to study human society.

A doctor is at first prepared to assist him, but is later obliged by his superiors to drug his unusual patient until he eventually becomes a mental vegetable.

The subtle moral is that Argentine society is too conservative to accept radical change, and that it's citizens, if they become too rebellious will be forced to conform or be spiritually and physically crushed.

President Raul Alfonsin, with his ambitious plan to move the capital 800 kilometres to the south to a place known as Viedma, has been dubbed by cartoonists as The man looking towards the south, in a clear allusion to the film.

One year after springing the idea on the Argentine people, the president is far from crushed, however. The Bill to approve the capital's move sailed through the Congress in May.

There was surprisingly little resistance, given the interests at stake, in a capital which accommodates 40 per cent of the population and the bulk of the country's industry and commerce.

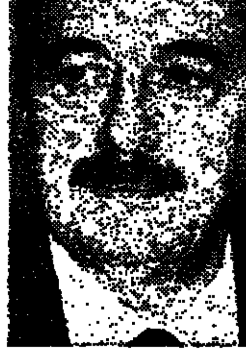
Viedma and Carmen de Patagonia, form a sleepy and pleasant town of 60,000 people, on the edge of the vast Patagonian desert, 60 kilometres inland from the Atlantic ocean.

Irrigation water from the river passing between the twin towns has converted the nearby flat shrubland into lush market gardens, producing fruit and vegetables for export to Europe and the urban markets to the north.

Thousands of square kilometres to the east and south remain unexploited, but agricultural experts say irrigation would make the land as productive and fertile as the pampas grasslands to the north which made Argentina famous for its wheat and beef.

Patagonia also has Argentina's main mineral and coal deposits, and with a new gas and oil exploration effort under way, it is likely to become Argentina's principal source of hydrocarbons by the next century.

Tim Coone, in Buenos Aires, reports on a decision to move the capital to the southern town of Viedma and analyses the reasons for opposition to the ambitious but controversial plans of President Raul Alfonsin (right).



Yet despite its vast resources, the region, covering almost 30 per cent of the total surface area of the country, is also the least populated. Only three per cent of Argentina's 30m people live in Patagonia's 780,000 square kilometres. It is Argentina's unexplored frontier.

President Alfonsin's objective in moving the capital there is to shift the entire focus of political and economic development in the country.

The plan "forms part of a wider project to reform the state and is a demonstration of the will to transform and modernise Argentina. It is a deliberate and decisive historical discontinuity which will rapidly change the face of the country", he said last year, announcing the plan to the Congress.

Mr Jose Bacigalupo, the chief architect of the commission for the move of the capital says, "it will be a gradual process which will depend on the available budget."

He envisages an initial stage from now until 1989 during which the first construction and moves of some government offices and the first 1,000 employees will be made.

It is Dr Alfonsin's ambition to either hand over to a new president, or begin a new term of office in 1989, in the new presidential palace to be constructed on an island in the river.

By 1992, the legislative and judicial powers are to be established.

The following five years will then be a stage of consolidation as the administrative sectors of other ministries are moved.

After ten years some 28,000 of the 142,000 employees of the central government will be working in Viedma.

A number of state-run companies will move their headquarters to the new capital and the growth in service industries and agricultural development will increase the resident population.

The move is intended to be accompanied by the full incorporation of information technology and computer networks into central government administration.

This should give rise to some light industry development, although no heavy industry is planned, says Mr Bacigalupo. "We are planning a Bonn rather than a Brasilia," he said.

A total of 265,000 extra inhabitants are expected within ten years, 28,000 being government employees, 65,000 being induced employment in service industries and other sectors, and the remaining 174,000 being dependents. The long-term projection is that 500,000 people will inhabit the new capital.

The total cost of the initial three stages varies, depending on your source. The committee for the capital's move gives a figure of US$2.6bn while $4.6bn was the figure proposed by Mr Ricardo Carciofi, the budget secretary of the Treasury, when he detailed costs to the Congress.

The pessimists and prophets of doom are many, some have already gleefully pointed out that Viedma has been totally destroyed by floods twice in its 200-year history.

The fundamentalists have argued that Buenos Aires was created to be Argentina's capital and should remain that way. And the air force has warned that the new capital would be vulnerable to an attack from the sea (without specifying who might be interested in making such an assault or noting that Buenos Aires boasts the same attribute).

The financial cynics make a stronger argument; "where is the money coming from?" they ask. According to Mr Carciofi, of the $1.72bn needed in the first three years, $550m will come from foreign loans and the remainder from internal credit and savings in central government expenditure in other areas.

The multiplier effects in the rest of the economy are expected to be substantial. However, no-one has as yet publicly discussed the likely short-term inflationary effects of such a construction boom or whether Argentina's foreign creditors are prepared to foot 30 per cent of the bill.

The man looking south is clearly hoping his friends to the north will understand his reasons.

Approval close for US banking measures

By Stewart Fleming, US Editor, in Washington

CONGRESS is moving rapidly towards approval of a significant reform of US banking laws amid controversy over the thrust of the legislation and a debate within the Reagan Administration about whether the President should veto it.

The legislation, which has been passed by the House and the Senate and was approved by a conference committee of both Houses on July 1, is going through the final stages of the Congressional process in which the language of the bill is being completed.

In principle the legislation could go to President Ronald Reagan for signature within the next few days. The key question, however, is whether Administration officials who oppose the legislation because it does not measure up to their goals for bank deregulation, can persuade the President that he ought to veto the bill.

More pragmatic officials are arguing that the legislation is needed to shore up the soundness of the savings and loan industry and that Mr Reagan should settle for what he can get.

Another outcome is still possible, namely that Presidential action is delayed until September to give time for further negotiations on a compromise. One calculation the President needs to make is whether he could muster enough votes on Capitol Hill to avoid Congress overriding his veto.

The main provisions of the bill are a $8.5bn increase in the fund administered by the Savings ad Loan Insurance Corporation; a measure to close the loophole which has allowed the expansion of limited service banks—so called non-bank banks—and to prevent regulators from granting banks new powers to conduct business until at least March 1988.

Congressional officials said yesterday that Mr. James Baker, the US Treasury Secretary, has in the past few days raised the possibility of a compromise on some of the more contentious elements of the legislation. These include proposals that the increase in the bail-out fund for the savings and loan industry should be increased to $12bn

Investigators probe Haitian land dispute

MILITARY investigators in Haiti attempted yesterday to determine how a land dispute erupted in a clash in which at least 100 people died. Reuter reports from Jean-Rabel.

Hundreds of refugees were in Jean-Rabel, afraid to return to villages where men fought with machetes and other farm tools last Thursday and Friday.

At least 100 people are believed to have died in the fighting near Jean-Rabel, which is 140 miles north-west of Port-Au-Prince, the capital.

Some witnesses said members of the Tonton Macoutes, the security group once controlled by the deposed dictator Jean-Claude Duvalier, had taken part in the fighting on the side of landowners.

Witnesses from villages said they saw hundreds of people killed in fighting between peasant factions. Mr Cenifa Moness, president of a local association of land-owning peasants, said he had helped to bury at least 100 people.

He said: "We found people lying dead in the street, in their houses, just about everywhere."

The Rev. Evetil Achelus, a Protestant minister, said he had counted at least 300 dead along several miles of mountain road to Jean-Rabel.

The violence was the worst outburst since the ousting of Jean-Claude Duvalier in February 1986. It follows a series of strikes and demonstrations that have resulted in the deaths of 23 people.

Military officials said they feared violence between the peasant groups would flare again in a cycle of revenge and reprisal. Accounts of the clash differed, but most witnesses said it stemmed from a dispute between poor peasants, many of them landless, and landowners

Three radio stations initially reported that the violence began when the Tonton Macoutes ambushed a group of demonstrators.

Strike threatens to paralyse Panama banks

BY OUR FOREIGN STAFF

PANAMA faces a nationwide strike today which threatens to paralyse the banking industry and disrupt shipping in the Panama Canal.

The two-day strike has been called by the Civic Crusade, a loose alliance of more than 100 business, civic and professional groups which has been behind seven weeks of anti-government protests. Opposition groups are seeking the dismissal of Gen Manuel Antonio Noriega, the military strongman.

Tensions mounted in Panama City yesterday where nearly all business, commerce and transportation was shut down at the outset of the strike. Extra police patrols were in evidence throughout the city.

In an escalation of the confrontation between the government and opposition groups, three opposition newspapers were ordered to close on Sunday. Editorial employees at La Prensa and Extra said that armed soldiers entered the newspapers' offices and ordered them closed. There were also reports that a third paper, El Siglo had been ordered to cease publication.

Gen Noriega: calls for his dismissal

Bankers warned yesterday that the strike threatened Panama's status as a leading banking centre and urged bankers' banking employees to ignore the strike call.

"The responsibility and fate of our banking centre is in your hands," Mr Mario de Diega, director of the National Banking Commission, warned in a televised address.

Mr De Diega issued an order last week that no banks were authorised to close for the strike. However, a spokesman for the country's 9,000 bank and financial employees have said they support the strike and will ignore the commission's order to work.

Officials representing 6,800 Panamanian canal employees have come out in support of the strike. Despite assurance by the Panama Canal Commission, the US government agency responsible for canal operations, that the waterway will not be affected by the strike, officials have said that employees plan to take sick leave for the duration of the stoppage.

The strike is also supported by the Chamber of Commerce and the influential National Council of Private Enterprise.

Mr Aurelio Barria, head of the Civic Crusade, said the main object of the strike was that "General Noriega be separated from his position immediately."

Gen Noriega, who as chief of the Panama Defence Force controls both the army and police, is widely seen as the power behind President Eric Arturo Delvalle. The Civic Crusade wants an independent investigation of charges linking him to corruption, election fraud and political killing.

In the past seven weeks, Panama has been hit by a series of anti-government protests in the worst political unrest to hit the country since the military seized power in a 1968 coup.

Mank bankers acknowledge that continuing political uncertainty has shaken confidence in the banking centre and spurred a flight of capital from Panama. Government officials have declined all comment on the extent of the damage.

US personal income up 0.4% in June

US personal income rose 0.4 per cent, or $13.2bn, in June to a seasonally-adjusted annual rate of $3,731bn Reuter reports from Washington.

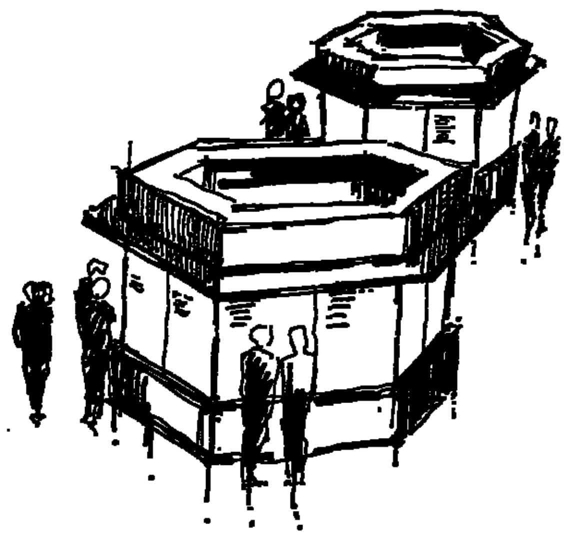
The increase followed a revised 0.5 per cent rise in May. The Commerce Department previously estimated that May income rose 0.2 per cent.

The department also revised the April personal income rise to 0.5 per cent from 0.4 per cent.

Personal expenditure rose 0.7 per cent or $20.4bn to $2,956.3bn in June after falling 0.1 per cent or $3.8bn in May.

Personal income in May and June benefited from a large increase in retrospective social security benefit payments in May, changes in subsidy payments to farmers and an initial payment to a new retirement savings fund for federal employees.

Wages and salaries increased by $8bn in June.



UK NEWS

Peter Marsh looks into misgivings over a Peak District plan

Why science wants the fresh air

A DISPUTE over plans for a small science park in the heart of Britain's Peak District illustrates the pressures that can face high-technology companies located in the countryside.

Although precise figures are not available, it appears that a growing number of mainly small, science-based companies are settling in rural areas. However, a shortage of suitable premises in what are primarily agricultural regions, together with opposition from planning authorities, can sometimes impede growth.

High-tech businesses in fields such as computer software, instrumentation and biochemistry often lend themselves to life in rural regions. Such companies frequently employ small workforces and their products and raw materials are likely to be transported in vans rather than lorries, causing minimal disruption.

Furthermore, people starting the companies frequently prefer to work in the countryside rather than in cities because they see it as a better environment.

In the Peak District in central England, one of Britain's most picturesque areas, English Estates, a property building agency of the Government, wants to start a £1m development catering for small, high-tech companies.

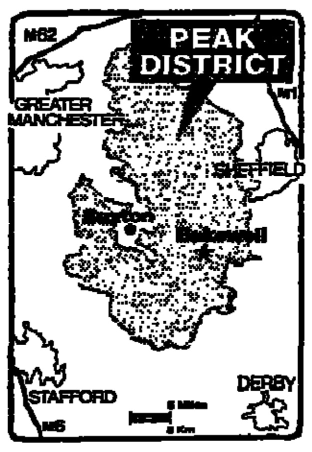
The development would take place in the market town of Bakewell, Derbyshire, one of England's 28 rural development areas. In those regions, English Estates, acting with the Development Commission, another state body, is tasked with constructing industrial buildings with the costs met by the taxpayer.

The Derbyshire scheme has run into opposition from the Peak Park Joint Planning Board, which has planning responsibility in the area. Members of the board include representatives from county and district councils in the Peak region, with people appointed by the Environment Department.

Derbyshire Dales District Council, the local authority for Bakewell, supports the scheme. The council does not have planning jurisdiction over those parts of its territory which include the Peak District because of the existence of the joint planning board.

Mr Roger Yarwood, chief planning officer for the district council, says: "Development of high-tech businesses is one way of broadening the economic base of the area." The council believes that without new development, the scope for expansion of such companies in the Peak region will be minimal.

The *joint planning* board, which has a reputation for being strict on new developments *in the Peak because of the need*



to protect its rural character, said the board "had some difficulty" with the English Estates scheme.

It would not comment further until the scheme had been officially submitted for approval in the next *few* weeks. English Estates and the local district council are likely to submit the plan jointly. It calls for the provision of 25,000 sq ft of office and workshop units in the form of several small buildings on a site on the edge of Bakewell.

If the scheme goes ahead, one of the occupants is likely to be Combustion Developments, a 16-strong company based in Bakewell, which makes pollution *monitoring instruments for power stations.*

Mr David Coe, managing director, said the company was expanding but there was little suitable *industrial* space *in* Bakewell. He said his company might eventually have to move out of the area if appropriate buildings did not become available.

Mr Andrew Gould, a planner at Segal Quince Wicksteed, a Cambridge consultancy that has advised English Estates on the Derbyshire project, said that to block developments in rural areas such as that planned for Bakewell might lead to "damaging consequences" for local economies.

In a study for English Estates, Segal Quince Wicksteed found there was "a good demand justification" for the development of high-tech property schemes in the region around Bakewell. The consultancy discovered about 30 technology-based companies in the area, many of them small *but expanding* and started by people living locally.

Besides examining the Peak District, Segal Quince Wicksteed also looked at prospects for high-technology growth in three other rural areas—South Cumbria, the Lancaster region and eastern Suffolk.

As a result of these studies, English Estates is going ahead with another high-technology development in Cumbria, although it *has nothing planned for the other two regions.*

High-tech company rural start-ups 'rising'

MORE high-technology companies are setting up in rural areas, according to a computerised survey, writes Peter Marsh.

The survey was conducted by *the Council for Small* Industries in Rural Areas, a government body that helps businesses in the countryside through grants or in finding buildings for the companies.

Over the past 18 months the council, which acts with the Development Commission, another state body, has made a computer analysis of the 27,000 companies it knows about in the countryside.

Mr Brian Baxter, the council's deputy chief executive, said the returns highlighted the "growing shift" in the numbers of science-based concerns in rural regions. "These areas are attractive and have a good image and, often, they offer companies a loyal and hard-working workforce," he said. through grants or in finding

The survey's figures must be treated with caution as they only include rural companies with which the council has dealt. Since this is the first time such figures have been collated, it is unclear to what degree numbers in specific industrial activities have changed.

According to Mr Baxter, however, the figures fit in with general impressions about trends in the activities of countryside companies.

The survey showed that a small, but apparently growing, number of companies known to the council operates in fields such as plastics, elctronics, clothes production and food and drink. Those activities, all to some degree applying new technologies, account for about 14 per cent of the companies surveyed.

A higher proportion or rural companies is involved in traditional countryside pursuits such as making furniture, crafts and conventional engineering such as farm equipment repair.

Such groups make up about 38 per cent of the businesses in the survey. Some 11 per cent of the companies were in service industries and 10 per cent connected with evhicles, such as car repair.

Changing names 'may not help public recognition'

BY CLAY HARRIS

COMPANIES, take notice. Changing your name or your business may not help your recognition with the general public. Even stockbrokers and institutional analysts may be hard pressed to remember what exactly it is you do.

Popular capitalism is coming to the rescue, according to a survey published on Sunday, which indicates that share ownership, regardless of social class, increases awareness of companies and their businesses.

Reginald Watts Associates, communications consultants, found that only 22 of the 100 leading British companies with alpha shares could be correctly linked with their core activity by 100 per cent of public respondents surveyed in London.

Only 67 of the companies received perfect scores from 24 brokers and institutional analysts.

The groups with 100 per cent recognition included leading clearing banks and retailers, privatised utilities, Cadbury Schweppes, Unilever and General Accident.

Three companies stumped the greatest number of analysts and public respondents. Only 18.4 per cent of the public and 48 per cent of analysts could identify the core business of BPB Industries, the initials failing to evoke their origin in British Plasterboard.

The next most obscure was Cookson Group, the plastics, ceramics and non-ferrous metals company

Corporate awareness survey, Reginald Watts Associates, 1-11 Hay Hall, London, W1X 7LF, no charge.

More spending on utilities 'need not harm economy'

BY ANDREW TAYLOR

PUBLIC spending on roads, water and sewerage systems and on inner-city investment could be increased without *damaging government financial* policy and leaving room for tax cuts, according to a report by building material producers.

The report, by the British Aggregate Construction Materials Industries, said that £19bn was needed to improve and replace Britain's roads. There had been more than 5,000 significant sewer failures in England during 1985-86

The trade federation for the aggregate, bituminous-coated materials, surfacing and ready-mixed concrete industries appealed for greater government spending on construction. It said there should be fewer curbs on local authority spending on infrastructure.

The report said: "Greater investment is affordable within the Government's medium-term financial strategy and with the *retention of the Chancellor's* declared aim of keeping the public sector borrowing requirement as 1 per cent of GDP.

"Even after a further reduction in personal taxation, as promised in the Conservative manifesto, there will be scope for selective increases in construction investment."

It said local authorities should also be free to use capital receipts from sales at *whatever rate was necessary* to stimulate improvements.

Building Prosperity, Scope for Growth in Construction. BACMI, 156 Buckingham Palace Road, London SW1 W9TR.

Inflation worries spur further slide in gilts

BY JANET BUSH

THE UK government bond market (gilts) yesterday fell to its lowest level since late February as concern about higher inflation and a deterioration in Britain's trade balance continued to dominate the mood.

Yesterday's sharp decline extended last week's downturn in gilt-edged prices in reaction to official figures showing surging bank lending, a large current account deficit in May and evidence of booming retail sales activity.

The gloom spread to other financial markets but losses were not nearly as pronounced as in the government bond market which is most sensitive to current arguments the economy could be overheating.

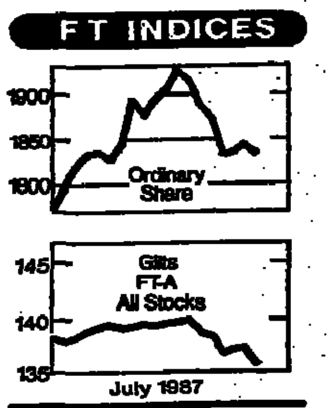
While domestic money market interest rates moved up by as much as 3/16 point yesterday amid speculation that lending rates may have to rise, sterling, while weak, did not appear to have come under serious selling pressure. Equities put in a late rally after substantial losses last week and early yesterday.

Financial markets are eagerly awaiting publication this morning of the latest quarterly industrial trends survey compiled by the Confederation of British Industry.

The survey contains answers on orders both from the *domestic* and *export markets*, investment *intentions*, costs and capacity utilisation.

Evidence about these aspects of industry's performance and expectations over the next few months are regarded as crucial to the current debate about the ability of British industry to respond adequately to buoyant demand and so avoid a surge in imports and pressure on domestic prices.

FT INDICES



The UK Government bond market has fallen inexorably during the past week despite a lack of concrete signs that industry is coming up against capacity constraints.

Anecdotal evidence suggests that the most serious constraint identified by industry is that of skill shortages. Those capacity constraints which exist appear to be isolated and have not, as yet, led to noticeable upward pressure on factory gate prices.

The survey is likely to show business confidence is still running high, that export orders remain healthy and there has been an improvement in industry's investment intentions, confidently forecast in Whitehall at budget-time.

Yesterday's sharp falls in gilt-edged prices, which ended up to 1¾ points lower, came as a surprise to many in the market who had expected some stabilisation after last week's losses and prior to the CBI survey.

Gilt-edged market makers reported only modest selling but a complete dearth of buyers. Sales came from domestic institutions and foreign investors and from primary dealers who were forced to abandon *long positions* in gilts held since before the general election.

On the equity market, the FT-SE 100 index recovered from a 31 point fall at mid-session to close 13.0 points lower at 2,333.9, while the FT ordinary declined 10.8 to 1,834.2.

Sterling's trade-weighted index closed at 72.5, 0.2 down on Friday's close. The pound ended European trading at $1.5985, compared with Friday's closing $1.6040 and at DM 2.9650 after DM 2.9725.

Market report, Page 38

Deal may end demarcations in engineering

By Our Labour Staff

ENGINEERING employers and unions last night agreed a far-reaching set of proposals to reduce the working week in the UK industry by 1½ hours in return for increased flexibility of working practices and hours.

The proposals, agreed after negotiations lasting three years, will now be considered by the 5,000 member companies of the Engineering Employers' Federation and the 17 unions making up the Confederation of Shipbuilding and Engineering Unions.

They allow for a cut in working hours from 39 to an average of 37½ for up to 1.5m engineering workers by May 1990 at the latest, in return for freeing traditional demarcation lines and the possible acceptance of fluctuations in the working week in *response to seasonal* and demand variations.

Dr James McFarlane, director general of the federation, said last night that the proposals would allow for variations in implementation at individual companies and would be self-financing.

If flexible working time was not agreed at some establishments, workers there would have to accept other cost savings instead.

If an agreement was reached it would be "highly significant" for the engineering industry, and would mean "doing away with the ancient demarcations that have hampered us for so long," he added.

More employees resist pensions holiday trend

BY DAVID BRINDLE, LABOUR CORRESPONDENT

WORKERS ARE increasingly taking action to resist employers' pension contribution holidays – and are achieving some success.

Trade unions, often poorly versed in pension matters, have been slow to react to the trend. But they are starting to capitalise on the strength of feeling among workforces at the perceived unfairness of a one-sided contribution holiday.

Mr John Tuchfield, assistant general *secretary of Tass, the manufac*turing union, says unions have a crucial role to play, both in fighting individual cases and campaigning for a change in the law, because the Government is "indifferent to the fact that thousands of working people are having their pensions stolen."

Tass claims a recent success at Barr and Stroud, the optical equipment manufacturer. The union says that a six-month overtime ban forced the management to amend plans for a contribution holiday this year, to undertake to negotiate on all future pension fund surpluses and to guarantee that the employers' contribution would always at least match the employee's 5.5 per cent.

The company says the agreed outcome for this year – one-third of the surplus to improve benefits, one-third to reduce the employer's contribution to equal the employee's – is broadly what it intended in the first place and that the mutual 5.5 per cent contribution level will be maintained for "about three years."

Workers at Lucas Industries have also been taking limited-industrial action over a contribution holiday and say they have succeeded in bringing the company to the negotiating table. Workers at Racal, the electrical group, are likely to be urged to follow suit.

However, unions may discover that the courts offer an alternative means of challenging contribution holidays: workers at Massey Ferguson, the *tractor manufacturer*, are said to have raised £25,000 to bring a legal action on the issue.

Although this and other cases show that the unions are belatedly stirring, they have a lot to learn. Ms Anne Simpson, of the London-based Pensions and Investment Resource Centre set up a year ago to advise local authorities and unions, says there is not even a central register of union-nominated fund trustees.

Ms Simpson believes that unions have, to their cost, in the past been uninterested in and even opposed to company pension funds – as distinct from preferred state provision – and that fund trusteeship has been regarded as a perk, rather than a serious responsibility.

The resource centre, together with the West Midlands Trades Union Congress (TUC), is staging a conference in September specifically aimed at shopfloor fund trustees. At the current rate of declaration of contribution holidays, the issue looks likely to dominate proceedings.

Footwear

Shoemaker steps up production

By Alice Rawsthorn

ONE OF the most successful survivors of the shake-out in the British shoe manufacturing industry caused by the cheap import wave at the beginning of the decade is building its first new factory since the early 1960s.

C. & J. Clark, Britain's largest shoe manufacturer, is almost to double capacity at its largest site at Radstock, near Bath, in the West of England.

Many long-established shoe manufacturers disappeared as a result of the flood of low-priced imported footwear in the early 1980s. The survivors, like Clark, have cut costs and improved productivity.

Footwear production technology has become increasingly sophisticated, with automated assembly, though the cutting and stitching of shoes is still labour-intensive.

Construction of the £9m factory began yesterday and is due to be completed in a year. The existing Radstock plant, which manufactures children's shoes, produces just over 2m pairs a year. On completion, both the old and the new factories will produce almost 4m pairs. The new factory will also manufacture adults' shoes.

Clark describes the new plant as the "most advanced shoemaking factory in Europe." In addition, it is modernising the assembly process at the existing factory.

The high level of automation *means that, despite the substan*tial capacity increase, the new plant will create only 20 or 30 new jobs. The existing factory already employs 700 people.

Clark, which manufactures under its own brand name and produces private-label shoes for multiple retailers, has also increased the market for its branded products by expanding within the retail sector.

In the past two years it has created a new chain of 100 Clarks shoe shops. It has also revamped its Peter Lord shops and is doing the same for the K Shoes chain.

Demerger plan defeats TSB in bid for Hogg

BY NICK BUNKER

TSB, the banking group, yesterday failed in its hostile bid for Hogg Robinson, the insurance broker, when Hogg's shareholders backed its rival plan to spin-off its travel and estate agency operations into a new company.

More than 75 per cent of shareholders voting approved Hogg's demerger plan at an extraordinary general meeting.

It is understood that Hogg's biggest shareholder, the Kuwait Investment Office, swung its 9.4 per cent stake in favour of demerger.

TSB, which offered £280m, or 800p a share, for the Hogg group, said it had "lost one battle but perhaps not the war." It must now await a ruling from the Takeover Panel if it wishes to use its £1.5bn cash pile to bid again immediately for the demerged Hogg travel and estate agency company.

The Panel emphasised that it would rule only after hearing from all the interested parties.

Hogg's shares yesterday closed down 13p at 620p. TSB lost 1p to 90.5p.

Yesterday's meeting came only nine days after TSB launched *its* bid.

It wanted to keep Hogg's 297 travel agencies, its 77 estate agencies and its transport and financial services side. It planned to sell Hogg's UK and US insurance broking for £116m to Dewey Warren, a small reinsurance broker 42-per-cent-owned by Bell Group International, the investment vehicle of Mr Robert Holmes à Court, the Australian fi*nancier.*

Call for reform of TUC

BY OUR LABOUR STAFF

THE white-collar union ASTMS, and Usdaw, the shopworkers' union, are ready to throw their weight behind plans to restructure the Trades Union Congress (TUC).

Both unions have submitted *motions* for the forthcoming TUC annual meeting at Blackpool in September, which calls for the TUC to take up a campaigning role, boost union recruitment, and establish a higher public profile.

A wide-ranging debate on the future role of the TUC covering recruitment, services to members and inter-union competition, will be the centrepiece of the Congress.

While both *motions are in line* with some of the thinking behind a recent paper on the TUC's structure drawn up by Mr Norman Willis, the TUC's general secretary, neither endorses some of the more controversial ideas he has put forward.

UK NEWS

Allied Dunbar sets £1bn target for mortgages

BY ERIC SHORT

ALLIED DUNBAR Group, Britain's largest linked-life assurance company and a main arm in the financial services division of BAT Industries, is aiming to become a leading mortgage provider, with a target of £1bn lending next year.

If that level is achieved it might put Allied Dunbar in the top 10 mortgage lenders in the country in the amount of advances.

Life companies have, over the past two or three years, been moving into the home loans market, especially those not on the "inner panel" of companies recommended by building societies to provide mortgage repayment contracts.

Allied Dunbar started offering mortgage facilities more than a year ago, using the Mortgage Funding Corporation to provide finance. It has lent £150m to date and current lending is running at £20m to £25m a month.

However, Allied Dunbar intends to become a significant player in the mortgage field by offering highly competitive lending rates, especially for larger loans, and by expanding its involvement in the pension mortgage field.

From the beginning of September, the company is reducing its interest rates to all new and existing borrowers by ¼ per cent. For loans of £75,000 or more, the rate will be 10 per cent (APR 10.7 per cent), one of the cheapest on the market.

However, Allied Dunbar is looking for much of the growth in mortgage business from its new facility of interest-only mortgages to members of group pension schemes.

A pension mortgage is the most tax-efficient means of servicing a mortgage. The borrower pays only interest during the term of the loan and repays the mortgage from a tax-free cash sum available at retirement.

Pension mortgages are popular with the self-employed, but until recently have not been readily available to employees in their employers' schemes. Facilities for employees are usually arranged by employers.

However, the Allied Dunbar scheme, to be launched next week, will be available directly to employees. Mortgages will be granted on the basis of the annual benefit statement now provided by pension schemes.

Under the new pensions system brought about by the 1986 Social Security Act, employees will be able to opt out of company schemes and take a personal pension. Many such personal pensions will have pension mortgage facilities on contributions above the minimum level.

Allied Dunbar, which also intends to be a big provider of personal pensions, accepts that many employees will benefit more by remaining in their company scheme. Mr Jerry Grayburn, an executive director of Allied Dunbar, said the facility would ensure that employees would have no need to leave a good company pension scheme solely to get a pension mortgage.

Life groups show big rise in new business

BY NICK BUNKER, INSURANCE CORRESPONDENT

MUTUAL LIFE assurance companies are reporting big increases in their new business figures for the first half of 1987 because of the surge in house prices and rising equity markets. Some also say that the Financial Services Act is starting to determine the flow of money to life companies six months before it is fully implemented.

Standard Life, based in Edinburgh and Europe's biggest mutual life office, said its UK ordinary business accounted for £83.5m in new annual premiums in the six months to May 15, 77 per cent up on the same period in 1985-86. New single premiums rose 45 per cent to £242m.

Eighty per cent of Standard Life's UK ordinary business is sold on a "with-profits" basis, 13 per cent is unit-linked and 6 per cent is term assurance. Standard Life said the proportions were about the same as in 1986.

Figures collected by Scottish Financial Enterprise show that for the Scottish life industry as a whole, new annual premiums were up 35 per cent at £224m in the first half, while new single premiums rose 54 per cent to £825m. The figures cover the eight Scottish mutual life companies and one shareholder-owned company, Life Association of Scotland.

They conceal wide variations in performance, however, with Glasgow-based Scottish Amicable, for instance, reporting new single premiums up 14 per cent to £80.4m but new annual premiums down 11.5 per cent at £43.3m.

Scottish Amicable said the fall-off was due to fewer mail-shot campaigns this year by building societies, which in 1986 were urging borrowers to switch to endowment mortgages.

Norwich Union, the biggest English mutual, said new regular premiums grew 33 per cent to £68m in the first half. London-based Clerical, Medical and General showed a 39 per cent increase in new annual life premiums to £18.8m, while unit-linked new single premiums were up 106 per cent at £45.3m.

Standard Life attributed much of the growth in its new annual premiums to a big increase in the volume of mortgage-linked endowment assurance business because of the continuing boom in house prices in parts of the country.

Some Scottish life companies believe independent intermediaries are channelling more business towards mutuals because of the "best advice" rule under the Financial Services Act.

British drug best-sellers second to US industry

By Peter Marsh

THE UK pharmaceuticals industry is second only to that of the US in coming up with top-selling products, according to a report by Robert Fleming Securities, the stockbroking firm.

The study says that Britain was responsible for eight of the world's 50 top-selling drugs last year. US pharmaceutical companies had 23 products in the top 50.

Britain performed better than Switzerland, Japan and West Germany, which accounted for six, five and four products respectively among the top 50 medications.

Sales of the UK's eight top-selling drugs came to \$4.98bn (£3.1bn) in 1986 out of the Western world's total pharmaceuticals market of \$84bn. The most successful British products were Glaxo's anti-ulcer drug, Zantac, and Imperial Chemical Industries' Tenormin, which relieves hypertension.

The report makes clear the fragmented nature of the world's drugs business. The top 50 products, marketed by 27 companies, accounted last year for \$16bn sales, or 17 per cent of the total market.

Merck Sharp and Dohme of the US, the world's largest drug company, produced more of the "top 50" products than any other company. Its tally was seven, led by Aldomet, which reduces hypertension. Ciba-Geigy of Switzerland, with four products, was its nearest rival.

On specific drug types, the report forecasts that sales of medications for cardiovascular disorders will grow at the particularly high rate of about 15 per cent a year until 1991, when world sales are likely to total \$23.6bn.

The next biggest growth area, says the report, will be for anti-viral drugs, among them products to treat AIDS. This category is expected to grow fourfold by 1991 to reach \$1.16bn.

Phamaceutical Products Worldwide, Robert Fleming Secuitiers, 25 Copthall Avenue, London EC2R 7DR.

Amstrad plans 'powerful' PC

By David Thomas

AMSTRAD, the consumer electronics company which launched its latest range of personal computers only last month, is working on a more powerful range, which it will present next year.

Mr Malcolm Miller, Amstrad marketing director, confirmed that the range would be quicker and have more memory than Amstrad's present personal computers.

He said it would, therefore, be in more direct competition with mainstream personal computers sold in the corporate market by companies such as IBM.

However, Amstread would continue to sell the new machine through high street retailers and specialist dealers.

Spicer assesses 'models' for future electricity privatisation

BY MAURICE SAMUELSON

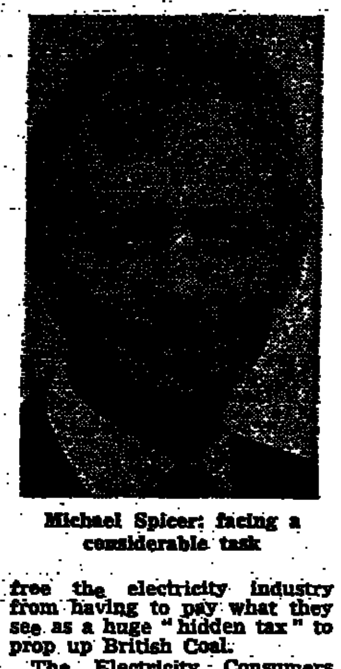
MR MICHAEL SPICER, parliamentary under-secretary at the Department of Energy, is visiting the West German electricity industry this week to see if it could serve as a model for privatisation and possible break-up of electcicity supply in the UK.

Mr Spicer is studying the biggest of the country's nine regional power boards, RWE of Hessen. Next month, he plans to visit utilities and regulatory bodies in the US, possibly followed by a trip to Denmark.

Mr Spicer's fact-finding tours during the parliamentary recess illustrate the pressure on ministers and civil servants to draft legislation for selling the electricity industry by autumn next year.

By about the end of this year, Mr Spicer hopes to inform Parliament of the principles on which the sell-off will be based. That is a considerable task in view of the contrasting proposals for restructuring the industry and the widespread implications for the nuclear industry, for British Coal, which supplies 80 per cent of power station fuel, and for the power station unions, which oppose privatisation.

Senior management in the electricity industry feel strongly that for security reasons it is essential to retain centralised responsibility for running nuclear plants. In the coal industry it is felt that the pressure from imported coal would be stronger than under British Coal's present five-year understanding with the CEGB.



Michael Spicer: facing a considerable task

Consumer groups voice the hope that privatisation would free the electricity industry from having to pay what they see as a huge "hidden tax" to prop up British Coal.

The Electricity Consumers Council, the statutory watchdog body, which is adopting a broadly positive attitude towards privatisation, is holding intensive consultations.

It has compiled a position paper summarising what it believes are the four main scenarios available to the Government. They are:

- A single transfer of assets, which would perpetuate the strengths and weaknesses of the present system while replacing government control with market-based restraints;
- *Dismemberment* of the CEGB into a multiplicity of generating companies and separate companies to distribute and transmit the power, which would be subject to an Electricity Commission; there would also be a state-owned rump of nuclear stations;
- Integrated area power boards modelled on the South of Scotland Electricity Board, handling generation and distribution;
- Privatisation of the CEGB intact, while introducing elements of competition similar to the way in which Mercury competes with British Telecom.

The council believes the last scenario has the best chance of being selected. The only clue to the Government's preferences is Mr Spicer's insistence that the industry must not be disposed of in a "unitary" form. He has admitted a "personal prejudice" that it must be reshaped to give it "as much competition as possible, particularly at the generation end."

In West Germany, Mr Spicer will be able to inspect an industry fragmented along regional lines and in which there is a large element of private ownership. "I also want to see how much private capital can feed into the development of nuclear power," he said.

In Britain, Mr Spicer also appears to envisage a greater role for smaller, flexible power plants. They would be far less expensive to build than the recent large-scale projects favoured by the CEGB.

Alice Rawsthorn on the significance of C & J. Clark's new footwear factory

New technology signals lasting success

WHEN BUILDERS arrived with pneumatic drills and sacks of cement at the site of C. & J. Clark's new footwear factory in the West Country this week they marked a watershed in the shoe industry's fortunes. So far in the 1980s, the industry has been noted for closures, not openings.

The development, to cost £9m, will create one of the most exponsive and most modern shoe-making plants in Europe. It will be the first factory built by Clark, the bastion of the British industry, for more than two decades.

Clark, like many shoemarkers, thrived in the industry's 1960s heyday and suffered in the decline of the early 1980s. The cause of misfortune was the influx of cheap footwear from Italy, Spain and, laterly, Zrazil. The flow of imports that began in the 1950s zecame a flood in the 1970s, reaching a peak of 61 per cent of all shoes sold in 1984.

In recent years, after job losses and factory closures, British makers have recovered some lost ground: the trend for more traditional design — brogues for men and courts for women—has been favourable; currencies have swung in Britain's favour and the Italians have been especially hard hit in the past year or so by the strength of the lira.

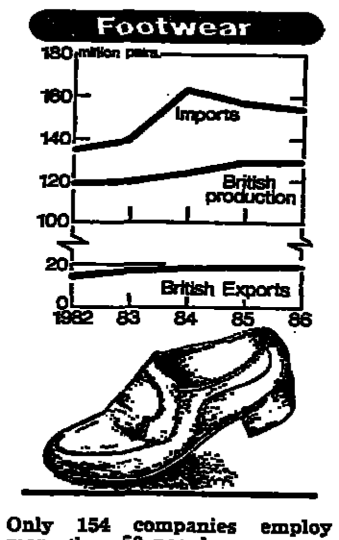
However, fashion and exchange rates are notoriously fickle. If producers are to capitalise on the recovery and emerge as a competitive force against overseas makers they must cut costs and improve productivity. By consensus, the key to that is use of the type of new technology that will equip Clark's factory.

Until now, the industry has been slow in introducing automation. The explanation is that until recently there was little technology available.

Shoe-making is an intricate process: there are at least 40 operations involved in making a shoe; leather, the staple material, is irregular in consistency and can be difficult to handle.

Moreover, the production process is so idiosyncratic that new equipment would have to be developed specifically for footwear and probably could not be adapted for use by companies in other sectors.

Those handicaps are exacerbated by the industry's fragmented structure. There are 750 footwear companies in the UK, says the British Footwear Manufacturers Federation, but most are small enterprises.



Only 154 companies employ more than 50 people.

There has been, therefore, relatively little pressure for change from within the industry. Developing new systems for footwear production has not looked like a lucrative market for machinery makers.

Yet in recent years the pace of change has quickened. Automation is most advanced in the so-called lasting, that is assembly, of the shoe. Many makers now use automated assembly lines and have effected huge improvements in productivity. At Lambert Howarth, for example, labour input in that area has been halved.

The introduction of computerised sewing-machines has automated part of the so-called closing, that is stitching, process, traditionally the most labour-intensive part of shoemaking.

Productivity gains here have been less dramatic but companies can use the new machines to produce decorative detail, like embroidery, that would not be cost-effective if done manually. Moreover, the machines can be operated by semi - skilled workers with relatively little training.

The next advances should come in the field of computer-aided design: six British groups have introduced CAD facilities. Similarly, computerised so-called clicking, that is cutting, should arrive next year.

So far new technology has become available piecemeal. Dr Ron Whittaker, research director of the Shoe and Allied Trades Research Association (Satra) footwear technology centre, expects a fully integrated automated system to be available by the turn of the century.

Until such a system becomes available, shoe-making will continue to be labour-intensive. However, the level of intensity is already falling. The new Clark plant wil almost double capacity at Radstock, Avon, but will add just 30 jobs to the workforce of 750. Similarly, FII Group, which has expanded rapidly and created jobs in recent years, estimates that in recent years, estimates that without automation its labour force would be 50 per cent larger.

Technology has cut the industry's cost base; whether it has boosted sales of British footwear is more difficult to discern. Yet automation, accompanied by the changing structure of shoe retailing, might create a more favourable climate for British manufacturers.

A feature of shoe retailing in the 1980s has been the growth of large multiple retailers—such as the British Shoe Corporation, Clark and Marks and Spencer—at the expense of small specialists. Technology should, in theory at least, enable British suppliers to be faster and more flexible in responding to volume orders needed by these multiples—and to steal a march on overseas competitors.

Black Country awarded £160m to attract investment

BY HAZEL DUFFY

THE Government plans to spend £160m in the Black Country area of the West Midlands in an effort to attract private-sector investment and create up to 20,000 jobs.

Mr Nicholas Ridley, Environment Secretary, who officially launched the Black Country Development Corporation yesterday, said the aim was "to rebuild the community."

9 9 sq mile area between Birmingham and Walsall has been designated within the corporation, which has taken over the planning powers that normally reside with local authorities.

Much of the land is derelict after the closure of manufacturing and metalworking plants, but it also includes housing.

One of the main tasks to be tackled by the corporation will be the assembly of land, now in the ownership of companies and public authorities, into packages large enough to be cleared in preparation for private-sector investment.

Mr Ridley said that shops, banks, colleges and schools had to be provided, and an atmosphere that would attract businessmen needed to be created.

The development corporation is one of four in the programme announced by the Government last autumn. The others are in Trafford Park, near Manchester, Tynside, and Teesside. This second group followed the creation of urban development corporations in London Docklands and on Merseyside in the early 1980s.

Outline plans for a new phase of UDCs were drawn up before the general election. They would cover smaller land areas than those set up so far, and call for less public funding. The announcement of their location, however, has been held up pending the outcome of the Treasury public spending round.

Public funding of the Black Country and the three other development corporations is small in the first couple of years. But it will build up to a planned total of about £600m for all four over the next six years.

Press bid to print Wright to go before Law Lords

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

FIVE Law Lords were yesterday asked to decide whether newspapers should be free to publish details of allegations against the British secret service made by Mr Peter Wright, a former MI5 officer.

The Attorney General, Sir Patrick Mayhew, and three newspapers, The Guardian, The Observer and The Sunday Times, are contesting the Court of Appeal's ruling in Friday that paper could publish "a summary in very general terms" of Mr Wright's allegations without quoting him directly.

The Attorney General wants a blanket ban on publication reimposed on the newspapers. They are asking the Law Lords to remove all restrictions stopping them publishing material from Mr Wright.

Although the appeal concerns temporary injunctions obtained by the Attorney General against the newspapers, in practice the Law Lords' ruling is likely to decide the matter.

In the words of Lord Templeman yesterday, *this* was the "crunch" hearing. If the newspapers won there would be no point in a full trial; if they lost, "the red light will be showing," he said.

On Wednesday last week, Sir Nicolas Browne-Wilkinson, the Vice-Chancellor, ended *temporary injunctions imposed* on The Guardian and Observer in July last year and refused to renew an injunction stopping The Sunday Times serialising Mr Wright's book, Spycatcher.

He said the law would be made an ass if the injunctions were continued now that Spycatcher had been published in the US and copies were being brought into Britain with the Government making no effort to stop importation.

The Appeal Court decided that the US publication had not affected the Government's contention that members of the security services owed a duty of confidentiality to the Crown and therefore could not publish their memoirs.

The three appeal judges recognised, however, that the *US publication required a modification* of the original blanket ban.

They *said that, pending* full trial of the Attorney General's action, the newspapers could report on Mr Wright "as legitimate news" but not "act as his publishers or publicists."

In the House of Lords yesterday, the presiding judge, Lord Bridge, a former chairman of the Security Commission, observed that the Appeal Court had decided that Sir Nicolas's error had been to regard it as an "all or nothing" matter.

He had not considered the sort of "halfway house" injunction made by the appeal judges, which neither side had sought and with which both were dissatisfied.

Lord Bridge also commented that, as far as security was concerned, the entire contents of *Spycatcher were now known to* every security service in the world — "friendly or less friendly"—and to anyone in the UK sufficiently interested to obtain a copy.

The hearing continues today.

Appeal over spy book launched

BY CHRIS SHERWELL IN SYDNEY

THE BRITISH Government yesterday carried its lengthy campaign to suppress the memoirs of Mr Peter Wright, the retired counter-intelligence agent, to the New South Wales Appeal Court.

The appeal is against a State Supreme Court decision last March refusing Britain an injunction to prevent publication by Heinemann. It is expected to last all week and might still go to the High Court in Canberra.

As proceedings got under way, Mr Malcolm Turnbull, acting for Heinemann and Mr Wright, brandished a copy of Spycatcher, the former MI5 officer's book, and urged that restrictions be lifted as it had been published in the US and was fully in the public domain.

"We're not trying to cut away the cause of action," he said. "But we now have something not seen in Australia for almost a generation: a banned book, a *samizdat*. An injunction is no longer appropriate relief."

The three judges chose instead to consider the actual issues first, and each threw some tough questions at Mr Theo Simos, acting for the British Government, during his submissions.

The most serious doubts were voiced over the need for Mr Wright to remain silent because of an obligation to the British Government arising out of contract, fiduciary duty or some equitable obligation.

There were also strong exchanges over the credibility of Sir Robert Armstrong, the British Cabinet Secretary who was the Government's chief witness in the main proceedings. In response to queries from the bench, Mr Simos made a powerful plea in support of Sir Robert.

In his *main* argument, Mr Simos said Mr Justice Philip *Powell had erred in basing his* decision principally on whether the information in Mr Wright's book had lost its confidential quality through being published elsewhere.

The correct question to be answered, Mr Simos argued, was whether publication would cause additional detriment — even where previous publication was of Mr Wright's book in the US or of extracts elsewhere.

In the British view, such additional detriment would be suffered, and the British Government wanted the publication in Australia to be prevented, Mr Wright to be restrained from publicising it through media interviews or lectures, and the proceeds from sales to be handed over.

More work on poll tax urged

BY PETER RIDDELL, POLITICAL EDITOR

FURTHER work was ordered last night on the method and timing of the introduction of the proposed universal community charge to replace domestic rates.

A Cabinet committee, chaired by Mrs Thatcher, yesterday afternoon failed to reach any conclusions after 90 minutes of discussion on the transitional arrangements for England and Wales.

Officials said afterwards that the options had been narrowed and the Department of the Environment *has been asked to do* more work on possible schemes.

Consequently, a ministerial meeting provisionally arranged for today has been postponed and the special committee is *likely to re-examine the subject* later this week, probably on scope for a further increase in Thursday when the full Cabinet is due to hold its last meeting before the summer holidays.

There has been disagreement between Department of Environment ministers and others, notably the Treasury, over the transitional arrangements. Mr Nicholas Ridley, the Environment Secretary, has been pressing for as rapid an implementation as possible with other ministers urging a phased changeover.

The discussion follows the committee's decision a fortnight ago to phase in the community charge over a number of years rather than introduce it immediately as in Scotland.

The decisions will cover the length of the transitional periods in different parts of the country, particularly the expected variations in inner London and Wales compared with the rest of Britain, as well as safety net provisions to limit the immediate impact, and the new grant system.

After the completion of those decisions, the Government is planning a propaganda campaign to convince opponents and doubters among Tory MPs and the public of the merits of the scheme.

Ministers are concerned to counter an apparent increase in opposition to the scheme. A Gallup poll in yesterday's Daily Telegraph showed that 54 per cent of the public opposed the plan with only 28 per cent in favour. A similar survey in February showed that 45 per cent of the public supported the proposal with 39 per cent against.

Mr Jeff Rooker, Labour's new shadow local government spokesman, last night strongly attacked the plan in a speech in his Birmingham constituency. *He said* Labour would be demanding a commitment from the Government that the legislation would niot be guillotined to limit the length of debate.

Wales 'is becoming a land of opportunity'

By Anthony Moreton, Welsh Correspondent

WALES WAS moving away from deprivation to the point where it was becoming a land of opportunity, Mr John Williams, Welsh Development Agency chairman, said in Cardiff yesterday when presenting the 1986-87 report and accounts.

He said the principality had reached a most exciting point *in its development*. The agency's role was to help Wales to grasp its opportunities because "talk of opportunity attracts enterprise and private money."

Wales built on *its firm* base last year and progress had continued: company starts in the first quarter were above the UK average while failures were below it; Wales had the highest rate of self-employment of any region; unemployment had fallen every month since April last year; job vacancies had risen by 12 per cent over the past 12 months and the index of production and construction in this first quarter was 5.4 per cent higher than 12 months earlier.

Mr Williams said: "Wales has *for* too long been accustomed to seeking public support by proclaiming need, disadvantage and putting forward negative propositions."

However, Wales was now moving into a different economic league where people behaved differently and had different expectations. Wales could meet those expectations.

He said there were still blackspots, especially unemployment, which was unacceptably high. However, factory lettings continued to run at a high level and demand for bespoke properties—those built with a specific client and its needs in mind—continued to run at record levels.

Gross letting should exceed 2m sq ft for the third consecutive year. Vacant space had fallen to its lowest level, under 10 per cent of total stock. Rent levels were rising and approaching the £3 to £3.50 a square foot level at which the private sector should begin to show more interest.

The latest valuation of property assets, by Drivers Jonas, showed that the figure had risen to £123.8m at last March 31, a 30 per cent rise on the previous survey, in 1985.

The annual report shows that the agency invested in or helped sustain 132 companies and that every £3 invested brought in another £7 from the private sector. In *the* year, Wales secured 61 projects from overseas, compared with 48 in the previous year, which should create or safeguard 6,000 jobs. Another 36 concerns relocated into *Wales from other parts of the* UK, bringing 1,265 jobs.

● The agency is to sell its prime Maesglas industrial estate in Newport for £2m to a consortium of private-sector buyers *led by* Monkswood Securities and Bristol and Mendip Estates.

WDA: Report and Accounts, 1986-87; WDA, Pearl House, Cardiff.

Government to seek training changes despite MSC doubts

BY PHILIP BASSETT, LABOUR EDITOR

THE GOVERNMENT is to press ahead with proposals for radical changes to its programme of special employment and train*ing measures in spite of sharp* criticism of its plans from the Manpower Services Commission.

The MSC last week publicly voiced wide-ranging doubts about the Government's proposals, including plans to take the network of 1,000 Jobcentres into the Department of Employment, withholding benefit from unemployed school leavers who refuse to join training schemes and increasing emlopyer reyppresentation on the MSC, which will minimise the role on it of the unions.

But the Government is expected to make a statement this week making clear that it intends to proceed with its proposals in spite of the MSC's views.

Mr Norman Fowler, the Employment Secretary, who last Friday made his first visit to the MSC's headquarters in Sheffield, yesterday emphasised the "crucial role" of the MSC as the primary national training agency.

But speaking in London to labour and industrial journalists, he said of the forthcoming statement that it would be "unwise to envisage that there will be any major changes" to the Government's plans.

Sir Bryan Nicholson, the MSC chairman, says that in private discussions with Mr Fowler, he has been assured that the Government will be open-minded on many of the criticisms raised by the MSC.

But Mr Fowler insisted yesterday that "the chairman of the MSC understands the Government's position."

Maintaining that there were no differences between the Government and the MSC on the issue, Mr Fowler said: "What I cannot do is to commit myself to making changes to a policy which has been set out very fully and to which we have given every notice in the last few weeks and prior to the election as well."

He said the Government intends to draw the extra employer representatives on the *MSC not from the* CBI, but from sectors that are helping most to provide new jobs—tourism, financial services and small businesses.

Mr Fowler is to meet the CBI over its reservations about some aspects of the Government's proposed industrial relations legislation. The CBI, with some other employers' bodies, is concerned about plans to allow union members to *break* properly constituted strikes without fear of subsequent union disciplinary measures. Mr Fowler also forecast a continuing fall in unemployment.

BBC to announce TV details

BY RAYMOND SNODDY

The BBC will tomorrow announce details of the commissioning of 100 hours of television programmes from the independent production sector.

The programmes, worth £4m and covering a wide range—excluding news and current affairs—will be the first large package commissioned in response to the Government's policy on independents.

Mr Douglas Hurd, the Home Secretary, had said in the Commons that the Government wanted to see independent producers gain access to 25 per cent of Britain's four national television channels in four years. That was repeated in the Conservative election manifesto.

The announcement by Mr Michael Grade, BBC television's director of programmes, will make good a promise made by Mr Michael Checkland, the BBC director-general, on March 31 when he said the £4m would *be found for the* 1987-88 financial year.

Mr Checkland also pledged at the time that £20m would be found to fund the commissioning of more than 500 hours a year from independents in 1990.

Independent producers have been *surprised* to find that the £4m wil come out of the £20m and not in addition to its as Mr Checkland appeared to imply. They also want to be certain *that the announcement will be* in addition to the BBC's present involvement with independent production.

The independents point out that the overage price per hour of the £4m package is £40,000, considerably less than the £63,000, which they say is the average hourly cost of BBC network programmes.

Although *the corporation* is seen to be negotiating in good faith, independent producers say they are a very way from agreeing to the normal terms of trade governing business relations between the BBC and the independents.

Relations between the independents and the ITV companies have become much more tense with accusations that ITV is *deliberately trying to* prolong the negotiations.

Mr David Shaw, general secretary of the Independent Television Companies Association, denied yesterday that ITCA were deliberately slowing up the process. But, he added: "We must not hide the fact that because of our federal and regional structure we have got problems so far as encouraging independent production in the regions."

The Independent Broadcasting Authority has suggested that the ITV companies should take about 500 hours of national and regional programmes from the independents by 1989 on a "voluntary" basis.

Talks have stalled, however, with the independents seeking central terms of trade or guidelines on issues such as production fees, copyright and the exploitation of foreign rights to programmes.

Virgin Atlantic supports merger of BA and BCal

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

VIRGIN ATLANTIC AIRWAYS, the independent airline flying in competition with British Airways and British Caledonian to New York, believes the proposed merger between BA and BCal should go ahead, subject to three reservations. They are:

● That the UK does not give away its right for two airlines *to fly to New York, Los Angeles* and Hong Kong.

● That there is protection against monopolistic charging for aircraft maintenance services by the organisations in the *UK able to provide them:* BA and BCal.

● That there are controls to prevent the combined BA-BCal having undue preference in takeoff and landing slots at *Heathrow and Gatwick.*

Virgin's submission to Sir Gordan Borrie, Director-General of Fair Trading, says Britain has fought hard for the right to have two airlines fly the same route. Virgin says that is healthy, producing lower cost long-haul air travel.

Virgin says: "As the merger stands at present, BA and BCal intend to fly to New York as one carrier, preventing true competition.

"Virgin would bring to these routes all the advantages of low fares and high *service* standards, providing an alternative British competitor to the US mega-carriers, as it has successfully done in Newark and Miami.

● *Mr Michael Bishop, chairman* of British Midland, said yesterday that while his airline had been approached by several interested parties with a view to leading an independent airlines group to seek to acquire British Caledonian, no decisions had been taken. He said the proposed takeover should first be referred to the Monopolies Commission.

Tourism 'plays key part in job creation'

By David Churchill, Leisure Industries Correspondent

BRITAIN'S booming tourist industry is increasingly seen as an important part of the job creation network, Mr Norman Fowler, Employment Secretary, said yesterday.

Jobs in tourism have grown by more than 28 per cent over the past 10 years and are increasing at a rate of 50,000 a year.

Mr Fowler, speaking on the publication of the Department of Employment's annual report on tourism, said: "Tourism is thriving and that is a fact."

He added that Britain was "more than holding its own in the face of international competition, but we must be aware that standards and expectations are rising throughout the world."

The department's report points out that growing awareness of Britain's heritage has underpinned the successful growth in tourism.

EC increases training scheme funds by 64%

By Charles Leadbeater

The European Commission yesterday increased its funding for UK training programmes by 64 per cent to £435m for 1987. The money from the European Social Fund will help to support almost 1,800 training schemes.

It represents 18.8 per cent of the fund's budget. The sharp rise in funding follows applications for grants from 2,065 organisations, the highest from any member state. Of those, 1,761 were given grants.

National training schemes operated by the Manpower Services Commission, such as the Youth Training Scheme, were allocated £254m. Local authority training agencies will be the other main beneficiaries.

About £73m will be spent in the north-west, more than £64m in the West Midlands and £58m in Northern Ireland.

Mr John Cope, Employment Minister, said: "The Government welcomes this support which will help skills training, especially for the more disadvantaged groups in the workforce, and contribute to reducing unemployment."

The schemes involved range from relatively small projects aimed at integrating the disabled into companies to large programmes designed to train young people in computer-aided design and electronics.

Perkins transfers Gardner diesels to LRT unit

By Nick Garnett

PERKINS Engines said yesterday that it was transferring assembly of diesels made by its Gardner subsidiary from Gardner's plant at Patricroft near Manchester to Bus Engineering in Chiswick, London.

Bus Engineering is a wholly-owned subsidiary of London Regional Transport and specialises in overhauling buses, including the remanufacture of Gardner engines used in them. It was put up for sale by LRT only two weeks ago.

The move to Chiswick will increase speculation about the long-term survival of the Gardner facility in the north-west, which Perkins bought from Hawker Siddeley last year.

Perkins *said yesterday*, however, that engine machining operations would remain at Patricroft "for the foreseeable future". The site contains some advanced flexible manufacturing equipment.

The Patricroft plant employs 390 people. Perkins, part of the Varity Corporation of Canada, said the move of assembly and engine test operations to Bus Engineering would result in the loss of 45 jobs at Patricroft. It hoped that could be achieved by voluntary agreement.

The engines range from 150 hp to 350 hp and will continue to be marketed by Gardner as part of the Perkins group.

Gardner, which employed 2,500 in the late 1970s, has found market conditions difficult. Mr John Devaney, Perkins Engines' managing director, said the company had spent some time reviewing the possibility of a joint venture for Gardner to produce engines at competitive prices.

BAe to seek Airbus work bids

BY OUR AEROSPACE CORRESPONDENT

BRITISH AEROSPACE, which builds the wings for all current versions of the European Airbus airliners and which plans to build the wings for the new Airbus ventures, the medium-range A-330 and long-range A-340, is prepared to sub-contract part of the work on the later aircraft to ease the strain on its own resources.

BAe intends to hold "bidders' conferences" in the US and UK to give other manufacturers the chance to become sub-contractors to *BAe in the* design and manufacture of A-330/A-340 wings.

The reason is that "the new Airbus programmes represent an increasing volume of work for BAe, and the company is following its policy of buying from the brightest and the best," accord*ing to Mr Sydney* Gillibrand, managing director of BAe's civil aircraft division.

With firm sales, options and letters of intent for all Airbus models to date amounting to *870 aircraft, including* commitments for 130 A-330/A-340 aircraft, BAe has its work cut out to meet the increasing demand for wings and needs to sub-contract some part of that workload.

The US idders' conference will be held near Washington's Dulles International Airport on September 9. There will be a similar conference in London on a date to be announced for European and other manufactures.

The work packages being offered include part of the wing structure, which constitutes BAe's primary contribution to the Airbus, and will require "sophisticated manufacturing facilities."

"Successful bidders will be required to invest in the programme by carrying their own 'front end' costs. In return, they will win long-term involvement in the programme, which *is expected* to exceed 750 aircraft," says BAe.

Requests for proposals on the first work packages are expected to be issued in September, with sub-contract selection the fol*lowing January*.

Fast reactor 'fully developed'

BY DAVID FISHLOCK, SCIENCE EDITOR

FAST REACTOR development has gone about as far as it can go, short of a commercial design, Mr John Collier, the UK Atomic Energy Authority's chairman, believes.

At a press conference in London yesterday to present the authority's annual report, Mr Collier said: "The prize is there —we just have to reach out and grab it."

The next step was up to Europe's electricity companies, he added.

The goal of an infinite supply of electricity at or just above the present price would overcome any tendency to take the short-term view, even if the industry was privatised.

Mr Collier said the British electricity supply industry had agreed to fund 30 per cent of the fast reactor budget "as a clear recognition of the importance they attach to this system for the generation of electricity in the next century."

The fast reactor is the biggest programme in the authority's £415m budget for 1986-87, accounting for 28.6 per cent of turnover.

Mr Collier said the UK AEA had made a profit of £12m in its first year as a "trading fund." That had exceeded the Government's *target of a* 5 per cent profit.

He announced a reorganisation that would help the authority cope more effectively with the concept of funding all *future programmes* on the basis of a customer-contractor relationship.

Dr Graeme Low, Harwell's director, is to take responsibility for all the authority's research establishments, with corporate oversight *of* all management units.

Dr Brian Eyre becomes a board member, responsible for all the authority's research programmes and Dr Freddy Clarke, a Harwell scientist, is appointed business development director.

There will also be an authority business committee chaired by Mr Collier.

Mr Collier said the organisation had been designed "to take maximum opportunity to get the authority's R and D into British industry."

It earned about £40m from non-nuclear R and D last year.

Annual report of the UK Atomic Energy Authority, 1986-87. HMSO £3.

Home computers

Pick yourself up . . .

Paul Johnson tells Peter Marsh how he has learned from his failures

BY HIS own admission, Paul Johnson has learned about technology-based business the hard way. Blooded by two intensely interesting but ultimately unsuccessful ventures in home computers, Johnson feels he has hit on the right course by setting up a research consultancy, called Array Consultants, which specialises in customised integrated circuits.

At the age of 35, Johnson is a veteran of the UK home-computer industry. In 1980, he helped to set up Tangerine, a Cambridge-based electronics company which foundered after having a fleeting success with the Microtan and Tiger computers.

After this, Johnson became a founder of Oric, another company that prospered for a while — in its first year, in 1982, the company sold 100,000 computers — before it collapsed early in 1985. About the same time, a cluster of other UK home computer concerns, among them Acorn and Sinclair Research, hit similar problems.

The Oric failure, which followed a sudden downturn in the UK home computer business around Christmas 1984, could easily have been a disaster for Johnson, who has a PhD in electronic engineering but has had no formal business training. He was out of work and had just taken out a mortgage on a £200,000 house in Ascot in Berkshire.

Instead he elected to apply the lessons of the two failures. Undeniably helpful were his personal characteristics. Johnson gives the impression that, once he has decided to do something, he does not easily give up.

He is also affable and one of life's optimists. If you ask for a copy of his company's brochure, he will probably hand over a dozen in the hope that you may pass on a few.

Speaking of the early forays by himself and others among the pioneers of the UK's home computer industry, Johnson says: "We all thought computers were going to be the industry of the future and that we would have nice little businesses. We all thought technology was all-important, but of course it isn't."

Johnson's experiences, he says, taught him to think about marketing and management. Looking back, he reckoned Tangerine and Oric might have attempted to grow too big, too fast. He adjusted his ambitions.

Initially, at least, Johnson had little choice in this last matter. After setting up Array Consultants early in 1985, using as a base a converted garage in his house, business was difficult to come by. He existed on virtually no income for six months, he fell behind on his mortgage repayments and bailiffs were on the point of repossessing his house.

Johnson took on his first employee only in March last year. "It was a tough struggle," he says.

The outlook is now reasonably bright. Johnson employs a total of four engineers, with four more due to join by the end of the year. The company is soon moving to bigger premises, also in Ascot. And with customers including Racal, AT & T, Texas Instruments and European Silicon Structures, Array Consultants plans for a turnover of £750,000 this year, three times the figure for 1986-87.

Behind this success are several factors. First, Johnson has moved out of the undeniably complex business of product development, manufacturing and sales. Instead, he sells a service in customised chips, a fast-growing part of the semiconductor business and one which adds up in Britain to an annual market of about £100m.

Service companies in custom chips act as a bridge between customer and manufacturer. Companies come to Array Consultants with an outline of a chip for a particular function. Using £300,000-worth of computer-aided design equipment supplied by Daisy, a US company, Array Consultants devises the circuit layout.

It then sends a detailed specification of the chip to an electronics manufacturer such as National Semiconductor, LSI Logic, or California Devices, which turns out the device in the correct quantities.

Johnson concedes he has moved into what, for him, is a more straightforward business. Electronics design is what comes most naturally to him. "I'm not a manager or a marketing man, though I've learned a fair bit about these things."

Also helpful is that Johnson knows, from his time at Tangerine and Oric, about manufacturing disciplines, even if, nowadays, he is not involved with them directly. This helps him, he says, to appreciate customers' problems. "There are a lot of designers and consultants who don't have hands-on experience."

A second factor is that Johnson has opted for a simple approach to business. In his time with Tangerine and Oric, he says he tended to go along with, and to some degree be affected by, the hype attached to the then emerging home computer industry. The glamour attached to the industry may have deflected attention away from the real commercial issues. "Business is common sense," says Johnson. "The trouble is that, often, you can't believe it's common sense."

As part of this approach, Johnson runs the company entirely by himself. Having co-directors or shareholders — which were present in the case both of Tangerine and Oric — only complicates life, believes Johnson. "Anything that looks dodgy, I walk away from. I'm taking things steady." He disdains the idea of taking money from venture-capital companies.

Finally, Johnson has been lucky with a couple of people he got to know. The first was his bank manager, Barry Evans, of Barclays Bank in Sunningdale. Evans let him have an overdraft of £100,000, even when prospects for Array Consultants looked distinctly uncertain. "The bank manager was convinced that I could do what I said I would do," says Johnson.

The second person was John James, who is now in his 80s and who was once a leading manager and colleague of Lord Weinstock at General Electric Company, the UK's biggest electronics group. To Johnson's great good fortune, James, with his lifetime's experience in business, is the younger man's next-door neighbour. The two have become friends.

"Every month, I take my business plan next door and he reviews it. He has given me advice and encouragement to stand on my own feet. I could not have got this far without him," says Johnson.

As for the future, Johnson hopes his busines will grow at a steady rate. By about 1993, he would like to employ 50 people. Above all he will keep his feet on the ground. "You are not going to make yourself a multi-millionaire in a couple of years. A few do, but they are the lucky ones."

Trevor Humphries

On the way to establishing his third venture in the computer industry, Paul Johnson ran the risk of bailiffs repossessing his home

Survival and the family factor

BY IAN HAMILTON FAZEY

WHY DO small businesses fail? Which have the best chances of survival and growth? Research by Business in the Community into enterprise agencies throws interesting light on these questions.

The research, published last week, was principally about the contribution enterprise agencies in the UK make to the small business sector, but in studying successes it revealed the other side of the coin too.

The biggest portion of businesses that failed came into the "micro," rather than "small" category. They employed an average of 1.4 people, including the owner, and turned over less than £20,000 a year. The largest single reason for failure was under-capitalisation, but other factors also came into play.

The total failure rate in the sample of 339 businesses was 15.4 per cent, or about 1 in 6. The businesses were selected from among the clients of enterprise agencies founded before the end of 1983, which means that the survivors had been going for three years at least.

There was no significant difference in failure rates between enterprise agencies, but a bias was found when the clients were grouped geographically. Location within Britain undoubtedly helps survival. Businesses in the south had a better chance than those in areas of high unemployment.

There are probably two reasons for this, the first of which is that more people who set up where unemployment is low and jobs are available do not have to do so.

Where people in the north may use the enterprise allowance scheme — which pays £40 a week for a year to help people get started—as a means of getting off the dole and into self-employment, the motivation in the south may well be much more positive.

The other reason is sheer economic buoyancy. Much small business trading is with other small businesses. The market is better in the south, encouraging more effective entrepreneurialism.

The research also revealed a sex bias. Small businessmen did better than small businesswomen—a male failure rate of 14.4 per cent against the women's 22.8 per cent. This was despite there being many more men in small business—82 per cent of the businesses were owned or run by men, compared with 14 per cent by women and 4 per cent by couples.

However, family support was another crucial factor in success or failure. The sample breakdown showed that 58 per cent had family support within the business but 42 per cent did not. Those with family helpers or workers had a failure rate of only 10.4 per cent compared with 22.1 per cent for those where family support was lacking.

The risk of failure seemed to diminish with size of business. Businesses turning over less than £20,000 a year had a 31.1 per cent failure rate while for those with sales between £20,000 and £50,000 the rate almost halved to 16.3 per cent.

Once a business passes £50,000, however, its chances of survival increase dramatically.

The dynamics of small business life help explain these figures. Most businesses under £20,000 of turnover a year do not have to register for VAT. Many will involve people trying self-employment as an alternative to joblessness.

If a job comes up, they will go back into employment and there may well be an easy-come, easy-go attitude. If the business "takes off," the person will stick with it. If it does not, he (it usually is) will look for work, or possibly try something else.

Larger businesses, however, have to register for VAT, which almost invariably means keeping better accounts since they have to pass muster on inspection.

They also have more at stake. Working capital from the bank will usually be more substantial, which increases pressure to run the business properly, as do the likelihood of the business owner's house providing collateral for bank loans and half a dozen jobs depending on the business's survival.

This in turn will usually mean better management accounting for day-to-day control and a more determined attitude towards achieving success.

These things can be helped enormously by seeking advice from the local enterprise agency, which helps explain, too, the survey's finding that the chances of survival for agency clients are double those of people who go it alone.

In brief . . .

FRANCHISING is increasingly providing the answer for people wishing to establish their own businesses with less risk attached than if they set up entirely on their own.

Over the next four years business accounted for by franchised companies is expected to reach £6bn.

The Institute of Directors and the British Franchise Association are holding a conference in London on September 10 which will aim to explain how benefits of franchising can be maximised and the pitfalls avoided. Guest speakers will be James Gulliver, chairman of the Argyll foods group, and Anton Bates, legal adviser to the BFA, will chair the occasion.

The conference will consider the tax implications, legal considerations and practical aspects of setting up and operating a franchise. Raising finance and ways of becoming either a franchisor or franchisee will also be considered.

Further information from the conference office, IoD, 116 Pall Mall, London SW1Y 5ED. Tel: 01-839 1233.

Meanwhile, a travelling Franchise and Business Opportunity roadshow was launched on Saturday at the Brighton Metropole Exhibition Centre which aims to encourage people to start their own businesses.

More than 60 different businesses intending to expand their outlets in the south and south east have attended the Brighton show, ranging from car valeting services to grocery retailing. The exhibition is called Enterprise '87 and it will be continuing on to Leeds, Newcastle and Bristol over the next few months.

The exhibition is owned by Acumex, of Drewitt House, 865 Ringwood Road, Bournemouth, Dorset BH11 8LW.

●

THINKING of a business idea is one thing. Putting it into practice is quite another. One of the surest ways of ending up a failure is to give insufficient thought to the parameters of a proposed business, what market it is aiming at precisely, where it should be sited, how it can be funded and a host of other questions.

A practical work book* written by A. W. Miles, of the Department of Management and Organisation Studies at the Sheffield City Polytechnic, offers a solution to the problem. It provides, with practical examples, the means by which a business plan can be written. It asks the pertinent questions, and presents the type of answers which a budding small business person should come up with.

It starts by explaining how a business proposal and description can be set out, and follows through with chapters on marketing proposals, operational management, how to decide on premises, financial budgets and forecasting, book-keeping and accounting (and the types of proprietary system available), and contingency plans.

The checklists and aids even include such detail as how to set out a daily work plan time-table. Specific examples are given of what this might look like for a self-employed jeweller/silversmith and a small owner-managed engineering company.

Business Plans — a Workbook for Self Employment and Small Firms, available from Pavic Publications, Sheffield City Polytechnic, 36 Collegiate Crescent, Sheffield S10 2BJ; price £5.95, including p and p.

TECHNOLOGY

WORLD GAS RESOURCES

Deep thoughts on a hot topic

By Lucy Kellaway

SIX kilometres underground in the middle of Sweden, a drill is painfully working its way through hard granite. The engineers of a $14m project to discover gas deep in the ground must be having a tough time. The money is nearly all spent, and still they have not had the satisfaction of seeing a blue flame lit at the top of the well.

Yet *Professor Thomas Gold*, the father of the scheme appears well pleased. Although the project has not resulted in a commercial gas discovery, he says it has provided firm evidence in support of his revolutionary theory about the origin of gas.

For the last dozen years Professor Gold has been waging academic war against the view that oil and gas are made of rotting plants and animals. He maintains that the true source of hydrocarbons lies deep in the mantle of the earth where it was trapped at the time the earth was formed. Since then light methane *gas* has been escaping and slowly rising up to the surface.

Until fairly recently Gold—whose previous research has included a study of the inner ear and the development of the steady state theory of cosmology—was not taken too seriously by geologists. Now armed with a wealth of evidence and argument, summarised in his new book "Power From the Earth",* Gold's progress is being watched keenly by geologists, even though their interest is still heavily peppered with scepticism.

To the layman, at least, the theory has great appeal. If true, it would mean the end of the world's energy problems for many years to come. Instead of hydrocarbons existing in small quantities where localised puddles of vegetation have rotted and become trapped in the rock, it would imply that there are vast supplies of gas waiting to be tapped at levels deeper than those usually probed.

It would also imply a radical shift in power from the countries that are now major oil and gas producers, (Gold gleefully points out that it would free the world from "the big value in the basement of the Kremlin"), and almost certainly mean a dramatic fall in the cost of energy.

The theory would mean an end to energy problems for many years to come

The Swedish drilling project is the first proper test that the deep-gas theory has been subjected to. The hard granite of the Siljan Ring—the biggest meteorite impact crater in Europe—was chosen as a site in which there was a negligible chance of finding gas of biological origin, while the small traces of tar that had been observed in the area indicated that hydrocarbons might nevertheless be there to be discovered.

Two findings from the experiment have led Professor Gold to declare it a success—although neither has been enough to sway the sceptics. The first well hit small pockets of gas at depths below 3 km which he says "makes it clear that gas is indeed streaming up through the broken rock." However Gold's opponents are not so sure, and claim there are alternative explanations for these small shows of gas, which they say do not prove anything.

Perhaps more difficult to explain away is the discovery of a large mass of porous rock at a depth of about 6 km.

The existence of large pore spaces at such depths was precisely what Gold was hoping to discover. The conventional view is that porous rocks are not likely to be found so deep, as any holes would be squashed by the pressure of the rocks above. Gold argues that the pressure of the gas rising up from below both creates the pore spaces and keeps them open.

In his theory, there is a critical level at about 15,000 ft *where the rocks are not strong* enough to support the pressure of those above. The rock then collapses, and forms a barrier under which the gas collects. Eventually the pressure of the gas underneath builds up until it breaks out—either dramatically, through a volcano or an earthquake, or quietly by seeping slowly through a crack out into the atmosphere.

While most geologists would admit surprise at the discovery of porosity so far underground, they say it could be explained by some alternative process of fracturing.

If the Swedish experiment manages to prove that the holes contain gas rather than water the critics will have a much harder time dismissing Gold's theory.

However, due to the difficulty of drilling so deep through granite, it is still unclear whether the pore spaces are filled with gas or not.

The heavy drilling mud being used to prevent the rock from crushing the drill bit was sucked into the holes, displacing whatever was lurking there. Although Professor Gold says he is "reasonably sure" that the holes must have been filled with gas, because water would not have been displaced so quickly, he admits that this is open to doubt.

A second attempt is being made using water instead of mud, but the water is not proving dense enough to withstand the pressure of the rock and the drill tends to get stuck.

Professor Gold hopes that having got so far, more money will be committed to the programme so that the contents of the pore spaces can be determined, and perhaps a vast gas reservoir discovered.

He also hopes that similar *experiments* will be conducted in other parts of the world, although so far there is little evidence of much enthusiasm.

This reluctance is not hard to understand—the cost of drilling rises exponentially as the depth increases. While drilling to 3,000 feet might cost £100,000, drilling five times as far to 15,000 feet could cost 100 times as much. Sums of this kind are greater than most companies would want to spend on a theory the status of which is so far from established, and explain why nearly ten years have passed before Gold's theory has been subjected to any serious kind of test at all.

Indeed, cynics have gone so far as to suggest that the decision by the Swedish Power company to conduct the experiment was largely political—a sop to the powerful anti-nuclear power Green lobby in Sweden.

Risk-aversion on the part of major oil companies could prove very shortsighted

A senior geologist at one major oil company explained his company's unwillingness to look for deep gas. While he admitted somewhat grudgingly that Gold had "certainly challenged the conventional wisdom," he said that "the chances of making a commercial find are so remote that we wouldn't want to waste time and money pursuing it."

However, Gold gets cross when it is suggested that cost is a real obstacle to putting his theory into practice. He claims that because of the pressure at such depths, if gas is discovered the flow from a deep well will be great enough to justify the extra cost.

If Gold has even a chance of being right, such risk-aversion on the part of the major oil companies — which spend several billion dollars a year in desperate attempts to rebuild their dwindling oil and gas reserves — could prove remarkably shortsighted.

Nevertheless, Gold reasons that the majors have a vested interest in letting any deep gas stay put, and says that they "are keen on not decreasing the price of oil."

Meanwhile, the independent companies have been showing a little more interest in the theory. The GHK Company, a US independent, has spent over $1bn developing deep gas in Oklahoma, and firmly believes that Gold's theory fits its experience much better than the conventional view of the origin of gas.

Professor Thomas Gold: He despairs to think of all the wells that have been drilled and abandoned before the critical level was reached

Robert A. Heffner III, chairman of GHK, argues that oil companies should "change their basic thinking in a major way." Indeed, if oil is no longer limited to sedimentary basins whole areas of the world may prove rich grounds for exploration.

Apart from Scandinavia, Japan, and countries like Germany, Belgium and France—all of which are heavy importers of oil—may have large deposits. Not only have oil companies been unreasonably limiting the places in which they look, they have not been drilling deep enough. Gold rolls his eyes in despair to think of all the wells that have been drilled, but abandoned before the "critical level" has been reached.

He is confident that great deposits of the new deep gas will be discovered well within his lifetime (he is comfortably over 60). He imagines a future in which energy consumers all round the world convert their cars and power stations to run on gas, in the comfortable knowledge that enough supplies exist to last them for at least 100 and perhaps 500 years.

Although well used to waiting—he says it was 40 years before his work on the ear gained any acceptance — this time he hopes not to have to. He regards the academic side of the case as proven, and is almost ready to hand over to the industry to go out and drill.

In the meantime, there are a couple of *mysteries* of the inner ear which he plans to do some more work on.

*Power from the Earth by Thomas Gold. Dent £12.95.

Green light for Lego schoolrooms

By Peter Marsh

FIVE-YEAR-OLDS who wonder how traffic lights work may soon get a chance to find out by building their own computerised systems.

This follows from a programme started by Lego, the Danish-owned company which produces toy building sets based on plastic bricks, to initiate children in the mysteries of computers.

The company already *sells* special products for schools that are aimed at helping children to understand mechanical engineering. These products contain moving parts such as gears.

In a further step, Lego wants to introduce computer techniques so that children can learn to control mechanical and electrical systems using a computer. The company is working on products aimed at children aged between five and seven at primary schools.

With a microcomputer (which the school will have to buy separately) and suitable software, *children will be able to* instruct a set of traffic lights to operate in a set way. The traffic lights themselves will be built using bricks and electrical systems supplied by Lego.

Similarly, children could amuse themselves by commanding a crane made from Lego to whirr away on instruction from a computer program.

According to Brian Sherratt, head of the education division at Lego UK, such activities are fun and also give children a useful understanding of how computers work.

The products for primary schools are due to be launched next year, after a development programme in which Lego is taking ideas from teachers and other educational specialists on the best way that the computer techniques can be introduced.

The products, based on sets of bricks and electronics, will probably sell for several hundred pounds. They will be launched first in Britain and *possibly in other parts of* Europe later.

Lego is being helped in the development by Logotron, a software company in Cambridge *which specialises in applications* of a computer language called Logo, in which the Lego programs will be written. Logo has been widely used in education because of its simplicity.

Two strings to the bow of US design system

BY GEOFFREY CHARLISH

CONTROL DATA, the US-based computer company, claims to be the first to demonstrate *integrated* electronic and mechanical computer-aided design on a single high - performance workstation.

The advantage is that, for a particular printed board product, users do not have to re-enter the data when moving from electronic to mechanical design and vice versa.

Using common data, one engineer can determine board characteristics while another is designing the system encolosure. When the board design is complete, the board with its components can be seen as a solid model on the screen, checked visually for fit to other items and also be checked and simulated structurally.

3M pulls CD master stroke

US MATERIALS group 3M, which is a major supplier of optical recording discs, is to *offer specialised software that* will convert magnetic tape data into a form suitable for recording on compact disc read-only memory (CD-ROM) optical discs.

The software, called Laserdos Origination, should *appeal to companies involved* in making masters of such discs. It allows their customers to supply data on standard tapes.

FT LAW REPORTS

Tangled action to be reopened

MORGAN GUARANTY TRUST CO OF NEW YORK v DEMETRE HADJANTONAKIS

Court of Appeal (Lord Justice Mustill and Lord Justice Nourse): July 23 1987

AN ORDER for summary judgment is incompatible with a stay of the same proceedings; and accordingly, should the question arise, the court should first reach a firm conclusion as to whether a stay is justified and if it is not, then go on to consider whether there is an arguable defence to the claim.

The Court of Appeal so held when allowing appeals by the defendants, Mr Demetre Hadjantonakis and Mr Ioannis Katsikis, from an order by Mr Justice Evans refusing a stay of proceedings brought by Morgan Guaranty Trust Company of New York, and against an order by Mr Justice Saville for summary judgment under RSC Order 14.

Order 14 rule 1 of the Rules of the Supreme Court provides: "(1) . . . in an action . . . the plaintiff may, on the ground that [the] defendant has no defence . . . apply to the court for judgment . . ."

Rule 3: "(1) Unless . . . the court dismisses the application or the defendant satisfies the court . . . that there is an issue . . . which ought to be tried or that there ought for some reason to be a trial . . . the court may give . . . judgment for the plaintiff . . ."

LORD JUSTICE MUSTILL giving the judgment of the court, said that during 1979 Mr Hadjantonakis and Mr Katsikis decided to buy a merchant ship. They needed a loan. Morgan Guaranty made an advance to a shipping company controlled by them. The loan was secured by the vessel, but the lenders took personal guarantees from Mr Hadjantonakis and Mr Katsikis.

Subsequently they fell into arrears with instalments. The ship was seized and sold, but the proceeds were insufficient to pay the loan. The lenders then had recourse to them as guarantors, and on their refusal to pay proceedings for summary judgment under RSC Order 14 were commenced.

In the course of exchanges leading up to the transaction something was said, on one side or the other, as to whether and in what circumstances the guarantees would be enforced. When repayments were rescheduled in 1984 the guarantors signed a document acknowledging that enforceability of the guarantees would not be affected by alterations to the terms of the loan.

The guarantors' evidence was that the lenders had agreed either that the guarantees would not be enforced at all, or that they would be enforced only in the event of culpability on their behalf; and that in any event such enforcement as there might be would not take place in the UK.

The lenders accepted that the subject of enforceability had been touched on during the negotiations, but denied they had ever agreed to any limitation of their rights of the kind indicated in the guarantors' evidence.

Mr Justice Saville suggested that *if the guarantors were able* to establish an agreement not to sue in the UK, that would lead to a stay of proceedings.

He held there were no arguable grounds for saying that the guarantees were not enforceable at all; but by contrast, he held that there was an argument to the effect that whatever proceedings were brought should not take place in the UK.

He then ordered that the lenders should have leave to enter judgment on their claim, but that the question whether there should be a stay should be put back, so that evidence could be taken.

The result was that the action was now in a tangle which only drastic measures could undo.

There were two problems. First, it was not recognised at a sufficiently early stage that there was a possible source of trouble in an order which involved final disposal of the merits by the English court and at the same time acknowledged that evidence might ultimately show that the English court should not be exercising its jurisdiction at all.

Secondly, the way in which the hearing developed concealed the essential difference between an application for summary judgment and an application for a stay.

With the former the court was required to consider whether the defence put forward was arguable.

With the latter there were potentially two questions: whether the parties had agreed to litigate their differences *elsewhere*, and *if so, whether* the court should exercise its discretion in favour of enforcing that agreement. In relation to neither question was it enough for the court to hold that the matter was arguable. The issue had to be decided one way or the other. The court must reach a firm conclusion.

The case was directly analogous to that of a disputed arbitration agreement, where there was clear authority that the dispute must be decided first before any other question was addressed: *Modern Buildings Wales [1975] 2 Lloyd's Rep 318.*

After the hearing before Mr Justice Saville the guarantors applied for discovery and cross-examination of the lenders' witnesses, to test the strength of the arguments for and against existence of the agreement.

The parties mutually acknowledged that for the purpose of the next stage of the proceedings it should be assumed that the guarantors had no arguable case on whether there was an agreement not to enforce the guarantees at all, but that there was an arguable case on whether the guarantees were enforceable in the UK.

In the light of those acknowledgments the application was dismissed.

The application for a stay came before Mr Justice Evans. He had every reason to be perplexed. He was faced with two fatal impediments. First, he had no means of testing the conflicting testimony; secondly he was prevented from making up his own mind freely about the import of the pre-contract negotiations, because of the mutual acknowledgments.

He did his best to grapple with the problem, but ultimately concluded that a stay should be refused. The guarantors now appealed against his decision, and against Mr Justice Saville's order granting leave to sign judgment.

The court could not, any more than Mr Justice Evans, reach a reasoned conclusion on the grant of a stay, without knowing whether there was an agreement not to sue in the UK.

The issue was arguable. The question would have to go back to the Commercial Court to be tried, as an essential preliminary decision on a stay.

The Order 14 appeal was subject to the same conceptual difficulty as arose below, in that it was hard to see how the court could properly pronounce a final decision on the merits in advance of a conclusion on whether it should exercise any jurisdiction at all.

There was moreover a practical problem. *The question of* what was agreed in the negotiations went both to the conditions and the venue of any enforcement.

The evidence on the two aspects of the matter was tightly entwined, and the judge would not be able to examine one without the other.

There was therefore no alternative but to reopen the dispute in both its aspects, without expressing any opinion on whether Mr Justice Saville was right or wrong on the Order 14 application, but on the basis that in the very unusual circumstances of the case there ought (in the words of Order 14 rule 3(1)) "for some other reason to be a trial" of the lenders' claim.

It would be for the Commercial Court judge to decide how best the case should be conducted.

He might hold a preliminary hearing so that the shape of the proceedings could be thoroughly explored and understood. He might then decide to hear evidence on all aspects of the dispute, and in the light of that, decide whether the proceedings should be stayed.

If the answer was affirmative, he need proceed no further. If negative, he would go on to decide whether the lenders were entitled to judgment.

Both appeals should be allowed.

By Rachel Davies
Barrister

Businesses for Sale

Businesses Wanted

Courses

Clubs

Art Galleries

Company Notices

Nordisk Gentofte A/S

The Company will hold the Annual General Meeting on Thursday, August 13th, 1987 at 4.00 p.m. at the Auditorium, 4, Niels Steensensvej, Gentofte, Denmark.

AGENDA:

1. Appointment of the Chairman of the General Meeting.
2. Presentation of the annual accounts, including profit and loss account and balance sheet, with annual report and auditors' certificate, with proposal for adoption of the profit and loss account and the balance *sheet, and notification of discharge to the Board of* Directors and the Management.
3. Proposed resolution concerning application of the profit of the past year, including decision concerning dividend.
4. Proposed resolutions by the Board of Directors or any resolutions proposed by the shareholders. Further details below.
5. Election of members to the Board of Directors.
6. Election of two auditors.
7. Miscellaneous.

Under item 4 on the Agenda the Board propose as follows:

A. The existing powers of the Board of Directors to increase the Company's share capital by DKK 3,894,000 B-shares is changed to the effect that the *Board will be authorised to increase the share capital* by up to DKK 50,000,000 B-shares with or without preferential right of subscription for the Company's existing shareholders before July 31th, 1992. The Board may so empowered increase the share capital in connection with free subscription at market price, as consideration of the Company's acquisition of an existing enterprise or of specific capital assets, or in connection with offer to the employees at a price fixed by the Board.

B. The Shareholders at General Meeting empower the Board to acquire up to ten per cent of the Company's share capital at a price between 90 and 110 per cent of the official quoted price at the time of acquisition. Such powers expire on December 31st, 1988.

Admission cards and voting papers are available for *collection or by postal application at* **Den Danske Bank**, Fondsnoteringen, 12, Holmens Kanal, DK-1092 Copenhagen K against proper identification as specified in §12 of the Articles of Association up to and including August 6th, 1987.

The dividend as approved at the Annual General Meeting may – after deduction of withholding tax – be paid beginning Friday, August 14th, 1987 through Den Danske Bank, Copenhagen against surrender of coupon No. 1.

Gentofte, July 1987

signed by **THE BOARD OF DIRECTORS**

GEOFUND CONVERTIBLE BONDS

NOTICE IS HEREBY GIVEN that the General Meeting is to be held at the offices of Kredietbank S.A. Luxembourgeoise, 43 Boulevard Royal, Luxembourg on Friday, 21st August, 1987 at 2.30 p.m.

AGENDA

1. To amend the Articles for the purpose of qualifying for authorisation by the Securities Commission in Hong Kong and other administrative changes:
   Art. 8—to impose restrictions or prevent the ownership of shares in the Fund by persons resident in the Islands of Guernsey, Alderney or Herm and in the United States.
   Art. 11—to provide that the quorum and delays required by law shall govern the notice for and conduct of the meeting of shareholders; to provide that resolutions to amend the Articles shall require a majority of 75% of shareholders present and voting; to provide that a resolution put to the vote at any *meeting shall be decided on a poll.*
   Art. 14—to provide that resolutions signed by all the members of the board shall be as valid and effectual as if passed at a meeting.
   Art. 16—to adopt the investment restrictions already governing the operation of the Fund as set out in its current Explanatory Memorandum.
   Art. 18—to delete "gross negligence" and substitute "negligence" in respect of indemnifications given by the Fund.
   Art. 21—to require shareholders to produce evidence as to title of shares issued in inscribed form without certificates on submitting a request for the repurchase of shares.
   Art. 27—to give the board of directors discretion as to the dividend to be proposed to the general meeting of shareholders.
2. Submission of the Reports of the Board of Directors and of the Statutory Auditor and Independent Public Accountants.
3. Approval of the Annual Report and Audited Accounts at 31st May, 1987.
4. *Declaration of a Final Dividend.*
5. Ratification of the co-option of Mr K. L. Pietsch and Mr M. Usami as Directors.
6. Discharge of the Directors and of the Statutory Auditor and Independent Public Accountants in respect of their duties carried out for the year ended 31st May, 1987.
7. Election of Mr O. E. Bourgaize as a Director.
8. Receipt of an action on nomination for election of Directors and the Statutory Auditor and Independent Public Accountants for a new statutory term.
9. Miscellaneous business as may properly come before the Meeting.

A member entitled to attend and vote at the above meeting may appoint a proxy to attend and vote on his behalf and such proxy need not be a member of the Fund. Resolutions in respect of item 1 of the Agenda require a quorum of not less than one-half of the shares issued and outstanding *present or represented at the meeting without limitation of the voting power* and the affirmative vote of two-thirds of shares present or represented. All the resolutions in respect of the other items may be passed without a quorum by a simple majority of the votes cast thereon at the meeting, with the restriction that no shareholder, either by himself or by proxy, can vote for a shareholding in excess of one-fifth of the shares outstanding or two-fifths of the shares represented at the meeting. Holders of bearer shares should deposit their shares with one of the Coupon Paying Agents against remittance of a certificate of deposit which will entitle them to attend the above meeting.

MANUFACTURERS HANOVER BANK (GUERNSEY) LIMITED,
P.O. Box 92, Manufacturers Hanover House, Le Truchot, St. Peter Port, Guernsey, Channel Islands.

MANUFACTURERS HANOVER BANK LUXEMBOURG, S.A.,
Box 807, 14 Boulevard Roosevelt, Luxembourg.

MANUFACTURERS HANOVER LIMITED,
7 Princes Street, London EC2P 2EN.

MANUFACTURERS HANOVER ASIA LIMITED,
Edinburgh Tower, 15 Queen's Road, Central, Hong Kong.

KREDIETBANK S.A. LUXEMBOURGEOISE,
43 Boulevard Royal, Luxembourg.

By Order of the Board of Directors

IU INTERNATIONAL CAPITAL CORPORATION N.V.
US$85,000,000 *RETRACTABLE*
FLOATING RATE NOTES DUE 1992
NOTICE IS HEREBY GIVEN that for the Interest Period commencing 29th July, 1987 the Notes will bear interest at the rate of 7 9/16% per annum. The interest payable on 29th October, 1987 against Coupon No. 12 will be US$193.283889 per US$10,000 Note.
Agent Bank Orion Royal Bank Ltd.

CLASSIFIED ADVERTISEMENT RATES

	Per line (min. 3 lines)	Single column cm (min. 3 cms)
	£	£
Appointments	12.50	43.00
Commercial and Industrial Property	12.00	41.00
Residential Property	9.50	32.00
Business Opportunities	13.00	44.00
Businesses for Sale/Wanted	12.00	41.00
Personal	9.50	32.00
Motor Cars, Travel	9.50	32.00
Contracts, Tenders	12.00	41.00
Book Page	—	22.00
Panel	—	30.00

Premium positions available £8 per single column cm extra
All prices exclude VAT - (Minimum 30 cms)
For further details write to:
CLASSIFIED ADVERTISEMENT MANAGER
FINANCIAL TIMES, 10 CANNON STREET, LONDON EC4P 4BY

LAW

● BUSINESS LAW

By A. H. HERMANN, Legal Correspondent

Competition: a tale of three cities

THIS IS the time of year when competition watchdogs bark. In the UK, Sir Gordon Borrie, the Director General of Fair Trading published his annual report for 1986 on June 30. The West German Federal Cartel Office brought out their report seven days later and, after another week, the EC Competition Commissioner, Mr Peter Sutherland, came to London to tell the European Business Institute about his problems.

The problems which these three competition enforcement agencies face could not be more different: while the EC one is now mainly concerned about state aid, and the West German about deregulation, Sir Gordon is worried about extra work caused by private attempts to frustrate competition opened up by deregulation and privatisation.

It says something not altogether pleasant about the state of the UK that a large part, perhaps a quarter, of Office of Fair Trading (OFT) resources is absorbed by regulation of consumer credit. There was an 11 per cent rise in the number of applications for money lending and debt collecting licences — by July 1986, the total number had reached 200,000. At one end of the scale are the shady money lenders exploiting those who cannot make ends meet; at the other, large reputable institutions which constantly fill my letter box with unsolicited offers of credit

The first category is despicable, the second is respectable but probably more damaging to the economy. The 20-23 per cent per annum interest may add to production costs through pressure on the wage bill, not to speak of the effects such a boom in consumer credit has on inflation and the balance of trade.

The effects of consumer credit inflation are probably made worse by the near impotence of the OFT to proceed against cartels. This is how Sir Gordon describes his position: "With almost Gilbertian absurdity, I find myself having to possess sufficient evidence of a cartel's existence to convince a court, before I can issue a formal notice to the parties inquiring if they have a cartel agreement between them."

In 1986, the OFT considered 313 mergers compared with 192 in 1985. These 313 takeover bids were aimed at targets with total assets of £123bn.

Mergers in banking and finance headed the table. The 38 bids in this category, 11 by foreign institutions, aimed at £47bn of assets—an average of £1,236m per bid. The same number of bids in food, drink and tobacco sectors aimed at assets worth £23bn. Other active areas were distribution (30 bids: £7bn), business services (26: £3bn), ancilliary financial services (25: £6.3bn) and mechanical engineering (20: £5.6bn). These are the statistics of the Big Bang. Is such pace of concentration good or bad? How often does it improve efficiency and competitiveness in the world markets? Sir Gordon does not say.

As there is not much the OFT can do against consumer credit expansion, cartels and mergers, it turns its attention to restrictive practices in the professions and all sorts of unfair trading. Indeed the report leads one to the conclusion that an act against unfair trading would not come amiss.

The report of the Federal Cartel Office (FCO), for the years 1985 and 1986, underlines that the internationalisation of competition makes it increasingly subject to trade policy. "Actual or potential foreign competition can prevent market dominant situations at home only when the foreign competition is not restricted by protectionist measures."

Like in the UK, the number of mergers in West Germany reached a new peak, with 802 completed in 1986. However, more than 70 per cent of the mergers notified in 1985 and 1986 were acquisitions of small and medium-sized enterprises with a turnover of no more than DM 50m (£17m). Only 3 per cent of mergers concerned the acquisition of enterprises with a turnover of DM 2bn and these 52 cases were mainly a West German offshoot of mergers taking place abroad, particularly in the US. Within the reported period falls, of course, the biggest West German merger so far, between Daimler-Benz and AEG.

The FCO states that the effect of mergers on competition was in most cases slight because of the small turnovers involved and because many of the mergers were really acts of financial reorganisation. A number of mergers was viewed by the FCO as benefiting competition, when the merger enabled a foreign competitor to enter the West German market. This explains why the FCO prohibited only seven mergers in 1985 and two in 1986.

A quarter of all notified mergers took place between trading organisations. Of the 347 trading enterprises taken over in 1985 and 1986, 68 were engaged in food retailing and had a turnover potential of more than DM 6bn. The merger control provided an effective barrier against takeovers by leading enterprises, but the FCO fears that this barrier has been dismantled by the latest decisions of the West German courts which practically reduce the ground for prohibition to market domination by a single enterprise.

The FCO reports that there were 50 mergers in the Press sector and that it is trying hard to preserve the remaining independent papers battling against the regional newspaper monopolies.

The competition department of the EC Commission, much smaller than either the OFT or the FCO, concentrates on three issues, described by Mr Sutherland as "current and practical": state aid, civil aviation and merger control.

The attempt to evaluate state aid from a Community rather than a national perspective is a tall order. As the Commission says, aid to shore up the lame duck industry in one member state may put a viable competitor in another member state out of business. The issues are, therefore, highly political and the Commission relies on support from the European Court, which recently ruled that aid for which the Commission's approval was not obtained has to be repaid. However, Mr Sutherland assured his audience that state aid for small and medium-sized companies, particularly in the field of research and development, are generally regarded as beneficial.

The attempts to introduce competition into European air transport appears to be even more of an uphill task. The Commission faces resistance from both governments and airlines. It launched a series of proposals for liberalising government controls over fares, capacity and market access. It started direct actions against *airlines for infringement of the* competition rules, but further positive steps seem to be held up, not only by Spain but also by the European Parliament. The latter wants to be consulted on the agreement reached at the end of June by the Council of Ministers on procedures for determining scheduled air fares and better access to regional routes. The agreed package, on ice for the time being, includes the prospect of a regulation to apply the competition rules to air transport and to empower the Commission to grant block exemptions for certain categories of agreements and concerted practices.

Finally, the merger mania has encouraged the Commission to revive one of its most cherished and least hopeful projects: the 1973 proposal for Community-wide merger control. It has been twice amended, in 1981 and 1986, but for more than a year there has not been any meeting of the Council working group concerned with this project. Though objections are directed mostly against details, it seems that some member states are opposed to the very principle of a Community-wide system of merger control.

As it is so much a matter of economic policy and transatlantic relations, one can hardly be surprised. A harmonisation of national objectives on merger policy might be an indispensable prelude to a Community-wide procedure on prohibition and authorisation.

APPOINTMENTS

Senior posts at NatWest

Mr Michael A. Lydon has been appointed deputy general manager of NATIONAL WESTMINSTER BANK'S related banking services division. Since 1985 he has been assistant general manager of the division. He succeeds **Mr John Bellamy**, now director of group compliance.

★

The DIRECT MAIL SERVICES STANDARDS BOARD has appointed **Mr Michael J. Goodrich** as its new chief executive from August 10. The appointment follows the resignation in February of the current chief executive, **Mr Robin Fairlie**, who leaves to work as a consultant to the direct mail industry. Mr Goodrich was marketing director at London and Provincial Posters.

★

BYTECH has appointed **Mr David Hazell** as managing director of the systems and components division from August 3. He was the UK distribution manager for Intel Corporation.

★

ATLANTIC COMPUTERS has appointed **Mr Michael Jopling** a non-executive director, his first appointment to the main board of a public company.

★

The former chairman of the Conservative Party in Wales, **Sir Donald Walters**, has been reappointed as vice chairman of the WELSH DEVELOPMENT AGENCY. Sir Donald will serve for a further three years.

★

WAGON INDUSTRIAL HOLDINGS has appointed **Sir Timothy Harford** as a non-executive director of Singer and Friedlander, deputy chairman of Wolseley and Wesleyan and General Assurance Society and a director of other public companies.

★

ALEXON GROUP has appointed **Mr Peter Wiegand** as deputy chairman. He will retain his responsibility as joint managing director with **Mr Lawrence Snyder**.

★

Newhaven-based PARKER PEN UK has appointed five new members to the board: **Mr Stephen Beaumont** has been appointed finance director. He joined Parker in 1980 as a trainee management accountant. **Mr John Bennett** has been appointed manufacturing director. He has been with Parker for 17 years. **Mr Peter Brazier**, formerly sales and marketing manager, has been appointed UK sales and marketing director. He has been with Parker of 11 years. **Mr John von Speyr** has been appointed sales and marketing director, distribution division, and **Mr Robin Wayman** has been appointed personnel director.

Mr Harry Dodd has been appointed director—finance of STEELSTOCK. **Mr Gary Mather** has been appointed marketing director. Mr Dodd was appointed chief accountant at Steelstock in 1972. He returns to the company after a short period in the maunucturing sector. Mr Mather joined Steelstock as marketing assistant in 1972. Since then he had line experience in a number of the Steelstock product group.s

★

JOHN L. SEATON & CO. has appointed **Mr Ian Brogan** its marketing director. He will also have divisional responsibility for the marketing of oils, fats and proteins.

★

Mr Charles Mills has been appointed managing director of WATERLOW PETTY BUSINESS FORMS, part of the BPCC *Printing Corporation*. He was commercial director. The previous managing director, **Mr Brian Pettinger**, has been appointed group managing director of the security and printing group of BPCC Printing Corporation. He remains on the board of Waterlow Petty, as chairman.

★

AYRSHIRE METAL PRODUCTS has appointed a new director to its board. **Mr Colin T. Macnab**, who has been appointed in a non-executive capacity, is a director of several Scottish companies.

★

Mr Christer Wahlrud has been appointed general manager and director of E. W. PAYNE SCANDINAVIA. Mr Wahlrud has worked for Sirius Insurance Company for a number of years, most recently as manager of the commercial and industrial division. Mr Wahlrud has responsibility for managing and developing E. W. Payne's existing Scandinavian-based presence.

★

AMEC has appointed **Mr Eric Swainson** to the board as a non-executive director. He became a member ofthe board of IMI in 1969 and managing director from 1974 until 1986. He is a director of Lloyds Bank and chairman of its Birmingham and West Midlands board, and is a director of Birmingham Broadcasting.

★

From August 10 **Mrs Annabelle Svedberg** will resign as managing director of GOTA (UK), the wholly-owned subsidiary of Götabanken of Sweden, and her post will be assumed by **Mr Ulf Hedbäck**, currently head of the international division of Götabanken. Mrs Svedberg will remain with the company as a full-time consultant into the autumn before leaving to pursue other business interests.

Mr Brian Crosby has been appointed managing director of RHP ELECTRICAL, a division of RHP Group. Mr Crosby, an executive director, was latterly in charge of the Muirhead companies, acquired by RHP in 1985, and before that was managing director of RHP Bearings.

★

Mr David Tibble has been appointed group financial controller of STOREHOUSE. He is finance director of Richards and will take up his new post on August 10. **Mr David Thompson**, previously business and administration controller at Storehouse, has been appointed finance director of Richards.

★

CHANCERY SECURITIES has appointed **Mr Craig Reader** as an associate director of Chancery Corporate Services.

★

The newly-created FIAT UK has appointed **Mr Bruno Doria** as managing director. He was previously executive vice president of Fiat USA Inc, New York. **Mr Claudio Ferrari**, formerly the director of the UK representative office of Fiat SpA, is returning to Italy and will assume a senior executive position at Fiat headquarters in Turin. **Mr Vittorio Vellano** succeeds Mr Doria in New York. He has been responsible for Fiat group foreign trading companies.

★

Mr Richard Pugh has been appointed finance director of WISTECH from August 1. He is currently a partner of Llewelyn Davies and Co.

★

NKK (NIPPON KOKAN) has appointed **Mr Kenichiro Sekino** as the new president of NKK (UK). Formerly assistant general manager of NKK's steel export department, Mr Sekino succeeds **Mr Sachio Sasabe** who returns to Japan to join NKK's Yokohama Yacht Company, a fully-owned subsidiary. Mr Sekino will assume his appointment in mid-August.

★

Mr Michael J. Hicks has been appointed finance director of the banking subsidiary of AITKEN HUME INTERNATIONAL. His most recent appointment was as manager responsible for business development both in the UK and Ireland with the Bank of Montreal.

★

NEWCASTLE BUILDING SOCIETY has appointed **Mr Allan Cowan**, the deputy chief executive, a director.

★

Mr Henry B. Shouler is appointed a non-executive director of SHARPE & FISHER from August 1. He was hcief executive of Oldacre Holdings until its acquisition by Unigate in 1986, when he left to pursue his private business interests.

★

WAGON INDUSTRIAL HOLDINGS has appointed **Sir Timothy Harford** as a non-executive director from August 1. Sir Timothy is an executive director of Singer and Friedlander, deputy chairman of Wolseley and Wesleyan and General Assurance Society and a director of other public companies.

★

Following the retirement of **Mr Anders Siewertz** as managing director of SCANIA (GREAT BRITAIN) on June 30, **Mr Anders Astrom** has become the new managing director. Mr Astrom was formerly director of finance and assistant general mangaer. **Mr Bill Campbell** has joined as director of finance. He became finance director at Coventry Climax in 1983, now part of Kalmar Industries of Sweden.

★

At LONDON & SCOTTISH MARINE OIL **Mr Tom King** will become general manager, engineering and operations on September 21. Mr King will be appointed to the boards of LASMO North Sea and LASMO International Oil Development on that date. Mr King is president and chief executive of Trafalgar House Oil and Gas Inc, in Houston, Texas.

★

Mr Don C. McCrickard has been appointed chairman of UDT COMMERCIAL FINANCE, the newly-acquired receivables financing subsidiary of United Dominions Trust. Mr McCrickard is a director of TSB group and managing director of TSB Commercial Holdings—the holding company for United Dominions Trust, TSB Group's finance house, and Swan National, which carries out TSB's motor and travel activities. **Mr Michael Kemsley** has been appointed financial director of UDT Commercial Finance. Formerly finance controller of Boston Financial, he joined the company in 1984 from the First National Bank of Boston. **Mr John P. Bourke**, managing director of UDT Bank, and **Mr Fred J. Randall**, finance director of TSB Commercial Holdings, have been appointed non-executive directors of UDT Commercial Finance.

★

THE INSURANCE AUTHORITY OF THE ISLE OF MAN has appointed **Dr W. J. Hastings** as insurance supervisor and chief executive of the authority from January 1 1988. Dr Hastings will be joining the authority on October 1 and will spend three months working with the present supervisor, **Mr Duncan Neil**.

Business Opportunities

LONDON FUNDING & MANAGEMENT PLC

A wide range of financial packages and advice for UK and overseas corporate, project and development schemes.

To obtain our assistance in your planning contact:

John Roughley, Bryan Morley or Guy Eaton on

01-408 1424

or write to us at:

London Funding & Management plc,
140 Park Lane, London, W1Y 3AA.

Telex: 269215 (LNFUND G) Fax: 01-491 8993

MORTGAGES

on commercial, residential and industrial properties at prime rates 5/10 years

INTEREST ONLY

Minimum Loan £250,000

HIRSCH

Europe's Leading Financial Consultants

please address enquiries to:
HIRSCH INTERNATIONAL (FINANCIAL SERVICES) LTD
15 Berkeley Street, London W1
Tel: 01-629 5051 - Fax: 01-409 0419

FINANCE FOR EXPORTS IMPORTS & UK TRADE

BACK TO BACK LETTERS OF CREDIT

Suited to your requirements
ELKA FINANCE LTD
8/14 Orsman Rd, London N1 5QJ
Tel: 01-729 0405 - Telex: 268600

CAPITAL AVAILABLE

For investment in businesses seeking to expand or start-up Funds available for many propositions

For full details contact:
VCR, 2 Boston Road
Henley on Thames RG9 1DY
Tel: 0491 578999

LEASING FINANCE RECEIVABLES PURCHASED

URGENTLY REQUIRED

Leased assets/receivables. HP Debtors. Credit Sale Agreements

Please call:
FINANCIAL LEASING SERVICES LTD
20 Eastcheap, London EC3
Tel: 01-626 8908
Fax: 01-626 8907

FLS

WANTED

Controlling interest in quoted company (full quote, USM or OTC) Required by entrepreneur based NW UK who currently makes £250,000 pa audited pre-tax profits

Tel: (ex-directory number) 061 788 0816 mornings only or Fax: 061-788 9654 or

Write Box H2304, Financial Times 10 Cannon Street, London EC4P 4BY

EXPERIENCED BUSINESSMAN

with time, energy and £1.5 million available

SEEKS ATTRACTIVE BUSINESS OPPORTUNITIES

Write Box F7535, Financial Times 10 Cannon Street, London EC4P 4BY

100% Capital Allowances

5,220 sq ft Unit For Sale

Zero Land Value

SALFORD ENTERPRISE ZONE

(0902) 46453

CHANCEL

Backer required for successful

WEST SUSSEX ART GALLERY

Interested parties apply to: Box F7536, Financial Times 10 Cannon Street, London EC4P 4BY

COMMERCIAL MORTGAGES

Quickly arranged through Exclusive Facility. Audited accounts unnecessary for established companies (1 yr min trading)

Tel: 0272 743710/743535
REDCLIFFE ASSOCIATES CORPORATE FINANCE LTD
92c Whiteladies Road
Bristol BS8 2QN

USA REPRESENTATION

British based Company with offices in the United States. Due to expansion is looking for additional British Companies who require representation in the United States.

Write Box F7537, Financial Times 10 Cannon Street, London EC4P 4BY

CAPITAL AVAILABLE for opportunities in property. Clarendon Investment Trust, 2 Catherine Place, London SW1E 6HF.

1830s-1890s ORIGINAL NEWSPAPERS. Remarkably preserved, very marketable, including 10,000 Times. 75p each wholesale. 0492-531195.

Business Services

LIMITED COMPANIES

U.K. and International
Isle of Man & Non-Resident

EXPRESS

COMPANY REGISTRATIONS LIMITED

LIMITED COMPANIES

COMPANY FORMATION AND SEARCHES!

FAST SERVICE!
CREDIT CARDS

01-629 7020

DIRECT MAIL LISTS & SERVICES—100s of ready-made lists immediately available. Suppliers to leading UK companies. Free catalogue. Marketscan, Freepost, Chichester, Sussex. Tel: (0234) 786711.

BUSINESS AND ASSETS of solvent and insolvent companies for sale. Business and Assets (RLC). Tel: 01-637 3036.

Office Equipment

EXECUTIVE ITALIAN OFFICE FURNITURE

Collection of high quality executive and operational ranges finished in natural selected veneers: Rosewood, Walnut, Black Ash, Light Oak, including desks returns, bookcases, sideboards, conference tables. Many configurations of systems furniture in bi-laminate finishes and light oak veneer. Substantial discounts.

FREE DELIVERY AND INSTALLATION

Full details tel: 0992 500567 - Fax: 0992 500568 - Telex: 818193

Courses

INSOLVENCY LAW AND ADMINISTRATION

TWO YEAR, PART-TIME DIPLOMA COURSE

Two courses, commencing early October 1987 in London and Wolverhampton

In association with ICSA, the Polytechnic of Central London and Wolverhampton Polytechnic.

Suitable for a wide range of professional people including insolvency practitioners, accountants, chartered secretaries and lawyers who need a thorough understanding of insolvency law procedures and practices.

Further details and application forms (to be returned by September 1 1987) from:

PQE Department
The Institute of Chartered Secretaries and Administrators
16 Park Crescent, London W1N 4AH
Tel: 01-580 4741 - Telex: 268350 ICSA G

Hotels and Licensed Premises For Sale

FREEHOLD COUNTRY HOTEL and Restaurant in Low-Tax Jersey

First register, 18 bedrooms, south facing in sub-tropical surroundings with large heated swimming pool
Nine year lease with three year index linked reviews
CURRENT RENT OF £34,000 — PRICE £675,000

Contact:
R. N. Crichton
PO Box 218, St Helier, Jersey, CI

Businesses For Sale

Cosmetics Packaging

Business and assets of Morgan Cosmetics Ltd. for sale as a going concern.

- Domestic and export turnover of £800,000
- Leasehold premises Saxmundham, Suffolk
- Full range modern packaging machinery

FOR FURTHER DETAILS PLEASE CONTACT:
N. J. Cooper, Joint Administrative Receiver
Robson Rhodes, 186 City Road, London EC1V 2NU
Telephone: 01-251 1644 Fax: 01-250 0801

ROBSON RHODES
Chartered Accountants

WEST GERMANY

OUTSTANDING OPPORTUNITY

A VERY WELL KNOWN OLD HISTORIC WINE HOUSE AND RESTAURANT ESTABLISHED IN 1727 IS NOW UP FOR SALE

Situated in Rüdesheim on the River Rhine in the world famous Drosselgasse. 3.8m tourists each season.

The business offers:

* Main Restaurant (seats 460 people)
* Beer Bar (seats 120 people)
* Nightclub with Licence till 4.00 am (seats 140 people)
* Total Capacity of 720 people
* Three Piece Band * Retail Sales Outlet
* A large world-wide recognised clientele
* Contracts with many Travel Organisations throughout the world
* Well established contacts with many companies in Europe
* Very high sales of beer * Ideal for brewery outlet
* Very high turnover—about 28% Profit

For more information please contact Box F7527 Financial Times, 10 Cannon St, London EC4P 4BY

EM&F

CORPORATE/COMMERCIAL SALES DIVISION

INDUSTRIAL DOOR COMPANY — North Staffs
Specialising in replacement and maintenance of Industrial Doors. Turnover £120,000. Excellent profits. Good motorway links. Could be relocated — superb accom. Freehold £160,000 + SAV or business only £80,000.

ELECTRONIC MANUFACTURING/FINE LIMIT SHEET METAL/PRECISION
Established many years. Approved contractors to many major plc co's. Mod. Leasehold premises of 8,500 sq. ft. Takings £60,000 pa with GP £167,000 pa. Leasehold premises of 8,500 sq ft. Taking £60,000 pa with GP £167,000 pa. 30 trained employees. Price £85,000. Further details quote M11301D.

JOINERY MANUFACTURER — Nottingham area
Mainly window and door frames. Turnover to April 1987 £659,000 at 22% GP. 30 employees, comprehensive plant and equipment. Includes 14,000 sq ft Freehold Factory. Price £250,000.

PLASTERING CONTRACTOR — East Midlands
Includes Dry Lining and Granolithic. An expanding business with strong management structure. Turnover to April 1987 at £1,100,000. Net profit over £100,000. Price £500,000.

PATENT — DESIGNED AND TESTED
Brake trap and electronic drain for air braked vehicles. Offered for sale on capital plus royalty basis. Price £20,000.

Enquiries to:
E.M. & F. LTD.
18 Walsworth Road, Hitchin, Herts, SG4 9SP

EEC AUTOMOTIVE PARTS MANUFACTURER

- FOR SALE -

Opportunity to acquire a successful, well established business
Metal Automotive Components
Strong order book. Excellent client base.
Current Annual Sales ca $5 million
Highly profitable

Serious expressions of interest confirming confidentiality to be sent in first instance to:
Box No.H.2341 Financial Times
10 Cannon Street, London EC4P 4BY.

COMPANY FOR SALE

SPARES AND SERVICE BUSINESS CAPITAL EQUIPMENT

A major capital equipment manufacturer, located close to the M4, is ceasing production.

A buyer is sought for the on-going contract service and spares business – annual turnover around £250,000.

Replies to:
Box number H2336
Financial Times
10 Cannon Street, London EC4P 4BY.

HOWKINS & HARRISON

EAST MIDLANDS — KNITWEAR FACTORY OF 10,000 SQ FT plus well established Business
FOR SALE AS A GOING CONCERN

Turnover in 1986 £1.22m with excellent capital base to company
All interested parties apply in writing in the first instance to
Sole Agents marked "Private and Confidential" to D. G. Storer, FRICS
7-11 Albert Street, Rugby, Warwickshire CV21 2RX
Telephone: 60321

SOUTH AFICAN GRANITE AND SANDSTONE QUARRY

A Company quarrying and processing granite and sandstone has been placed in liquidation. It owns a quarry with considerable reserves in Rustenburg Grey Granite and leases a quarry with like reserves in Sapole Red Granite. The infrastructure remains mainly intact. Appropriate plant, equipment and factory sites (freehold the property of the Company) forms part of assets.

Enquiries to:
L. N. Sackstein, The Liquidator,
P.O. Box 256, Bloemfontein, 9300, South Africa
Tel: 27 051-83145/6/7 Telefax: 27 051-304583 Telex: South Africa 267309

HEATING AND VENTILATION

A long-established Company based in Birmingham is seeking a purchaser of its business and assets, following the wish of the elderly proprietor to sell his controlling interest. Skilled workforce of 20, varied plant and equipment and purpose-built short-leasehold premises. Turnover in 1986/87 £837,000.

For further details, write:
Box H2366, Financial Times
10 Cannon Street, London EC4P 4BY

West Country NHBC Registered House Building Company

Offers are invited to acquire the above, consisting of small land bank, part completed properties and other assets

Principals only apply in writing to:
K. G. Baldwin Esq
PETER GRAHAM & CO (Chartered Accountants)
The Wilson Building, 1 Curtain Road, London EC2A 3PA

BUSINESS FOR SALE

OFFERS ARE INVITED
for the purchase of a long established
PRINTED CIRCUIT BOARD MANUFACTURING COMPANY
Located in the southern half of England (turnover £1.7m approx)
BS9000, British Telecom and U/I approved

For further details please write to Box H2346 Financial Times, 10 Cannon Street, London EC4P 4BY

SOFT DRINK CONCENTRATES & HOME BREW

Company based in the South East bottles soft drink concentrates and supplies home brew products under well established brand names. Customers include major multiples. Principals wish to dispose of assets and business to pursue other interests

Assets £200k plus stock

Write Box H2369, Financial Times, 10 Cannon St, London EC4P 4BY

FOR SALE PUBLISHING BUSINESS

Rights and stocks of 30 business studies (27 originally published by the FT) available. Titles which sell for £40 minimum, cover insurance, planning, strategy, manpower, etc. and "Business Guide to World Air Funds."

Write Box H2367, Financial Times 10 Cannon Street, London EC4P 4BY

WELL ESTABLISHED FELT ROOFING COMPANY

LANCASHIRE

Turnover £1.3m.

Excellent profits and goodwill, with sound capital base. Continuing management available, but owner seeks retirement

Enquiries please by Principals only to:

Box H2357, Financial Times 10 Cannon Street, London EC4P 4BY

GEAR CUTTING & ENGINEERING

Business For Sale

MODERN FACTORY with good potential for expansion
Turnover £1m
Northern England

Principals only please write
Box H2355, Financial Times 10 Cannon Street London EC4P 4BY

Plastic Fabrication

Expanding PLC offers for sale well established company based in Midlands.

Consistently Profitable Turnover £600,000 - £700,000
Profit £40,000 - £70,000
Freehold Premises
NAV £300,000

Please write:
Box H2352, Financial Times 10 Cannon Street, London EC4P 4BY

Engineering Fabrication Company

Close M1/M25 Interchange
Profitable Company t/o £700,000
Profit Range £45-70,000
Modern Leasehold Premises
Good Offices
Ongoing management/workforce
No longer fits within PLC activities

Please write:
Box H2350, Financial Times 10 Cannon Street, London EC4P 4BY

Transport Company

Situated in the North West

With a customer base throughout the UK including substantial contract work with Plc's.
Estimated turnover approaching £3 million.
Extensive vehicle fleet with curtain-sided trailers.
Depot available on lease if required.

Write Box H2347, Financial Times 10 Cannon Street, London EC4P 4BY

PRINT AND GRAPHIC DESIGN CO FOR SALE

Profitable Printing, Graphic Design and Typesetting Company

T/O c. £300,000 pa. Modern plant. M4/Thames Valley area

Owner wating to retire

Write Box H2326, Financial Times 10 Cannon Street, London EC4P 4BY

SUPERB LEASEHOLD PUBLIC HOUSE

in one of the most prestigious sites in Gloucestershire

2 Bars, 2 Restaurants with 150 covers, extensively equipped Catering Kitchen, Manager's Flat Letting Accommodation
Trading at 750 barrels per annum and still not reaching true potential
200 space Car Park
Unexpired portion — 79 years

For details:
Thomas E. Teague, 25 Park Road
Gloucester GL1 1LL
Tel: (0452) 23131/27378

FOR SALE SUPERMARKET— S.W. LONDON

Sales Area: 1,400 sq. ft. plus 1,000 sq. ft. Preparation and Storage. 2,700 cu. ft. Freezer Storage. Long Lease.

Principals only, write:
Box H2359, Financial Times 10 Cannon Street, London EC4P 4BY

BOTTLE PRINTING COMPANY BUSINESS FOR SALE

Screenprinting on glass,
Printing and Blocking on plastics.
Assets including Freehold £100,000 Turnover £200,000.
Potential £300,000.
LONDON AREA

Write Box H2358, Financial Times 10 Cannon Street, London EC4P 4BY

BICYCLE MANUFACTURE

FOR SALE

Long established manufacturer of quality bicycles distributed throughout UK and with GROWING EXPORT SALES.

Principals only write:
Box H2345, Financial Times 10 Cannon Street, London EC4P 4BY

AUTOMOTIVE AFTERMARKET DISTRIBUTION BUSINESS

Including own network of factor outlets for sale by tender.

Turnover £3m. Profitable.

Principals only need apply to
Box H2365, Financial Times 10 Cannon Street, London EC4P 4BY for details and tender documents

MARSHALL COMMERCIAL

Commercial and Development Finance
All types of funding arranged
Roy Cornford
01-680 7797

PUBLISHING

Company wishes to dispose of its profitable publishing interests.
T/o £1 million

Write Box H2344, Financial Times 10 Cannon Street, London EC4P 4BY

Wholesale Confectionery Tobacconist

Operating from Glos. Market Town over surrounding Counties. T/O c. £1 million. Freehold premises. profitable Company with substantial liquid assets. Offers in region of £200,000 for the shares. (ref: T009600H.)

Apply in writing: G. S. Lewis FCCA
E. M. & F. (Cheltenham)
90 Promenade, Cheltenham GL50 1NB

ESTABLISHED TYPESETTING COMPANY IN MIDLANDS FOR SALE

Fully computerised, turnover £340,000 (with potential) good contacts. Management becoming occupied with other activities.

Write Box H2349, Financial Times 10 Cannon Street, London EC4P 4BY

BUILDING CONTRACTORS FOR SALE

Well established Company based in Essex. Good profit record and excellent forward contracts with local Authorities. Offers in region of £250,000, All enquiries to Agents:

Glenny Tel: 0268 22344

FREEHOLD FACTORY CORNWALL

Fully modernised 5,000 sq ft factory plus adjoining ½-acre development land with planning consent. Fully equipped as a fish smoking factory but suitable for many uses. Reasonable price for quick sale.

Write H2351, Financial Times 10 Cannon Street, London EC4P 4BY

International Businesses for Sale

For sale value US$4.5m — Established 100 years

GREEN COFFEE MERCHANT

SUPPLYING OVER 600,000 BAGS
TO ROASTERS AND GOURMET OUTLETS
IMPORTED FROM MORE THAN 20 ORIGINS

Further information from:
Colin Joynson (business broker)
Douglas House, Queensberry Road, Kettering
Northamptonshire NN15 7HL UK
Telephone (0536) 85115 or from overseas 44.536.85115

Business Wanted

WANTED

Definitely Alive – Capital Reward

Are you the owner of a well managed manufacturing company with a good profit record which has now reached at least £150,000 per annum? Are you looking to continue to run your company and expand it further, but are unsure about USM, BES or what?

We are an expanding public company in the manufacturing sector still small enough to have consideration for each of its subsidiaries. We offer you a capital reward for bringing us your company; the environment for achieving your planned expansion; and further rewards for achieving it.

Please write to us now in complete confidence. All replies will be forwarded to us unopened from:

Box No. 404, Streets Financial Communications (Midlands) Ltd., Bennetts Court, 6 Bennetts Hill, Birmingham B2 5ST.

UK LEISURE AND OVERSEAS

A small public company wishes to diversify into the leisure field in the following geographical locations: southern England, southern Spain and Florida. It is particularly interested in "niche" situations for this market which would enable it to have some synergy between the geographical areas previously mentioned. Its interests will be limited primarily to investment of £1 million and would be looking, where appropriate, to retain existing management of suitable businesses. Very substantial further funds would be made available once both the management and businesses had proved themselves.

Write in confidence in the first instance to The Chairman, Box H2332, Financial Times 10 Cannon Street, London EC4P 4BY

Construction, Building, Engineering

PLC wishes to acquire established businesses in order to broaden its interests into distribution and supply to the construction, building and engineering sectors. Turnover range £5m to £50m p.a.

Please send brief details in strictest confidence to:

Box H2342, Financial Times
10 Cannon Street, London EC4P 4BY

MAJOR INTERNATIONAL MANUFACTURER

OPERATING EXCLUSIVELY IN

ELECTRONIC COMPONENTS

AND RELATED PRODUCTS

seeks acquisitions, joint ventures or technical collaboration in this field with EEC based manufacturers

Replies in strictest confidence to Box H2362 Financial Times, 10 Cannon Street, London EC4P 4BY

SOFTWARE HOUSE

We are a rapidly expanding S36/38 software house established for 11 years. In order to maintain our growth we intend to complement our organic growth with the acquisition of other software houses.

All replies will be treated in the strictest confidence and principals should initially reply to:

D. E. Hudson
HUDSON & CO
Chartered Accountants
Bay Lodge, Coke's Lane, Chalfont St Giles, Bucks
Telephone 024 04 3262

Electrical Engineering

Profitable company c£4.5m turnover) in electrical engineering and electronics wishes to acquire or merge with another company with a view to accelerating ability to go on to the U.S.M.

Steady profits from £30,000 per annum to £150,000 required or product range which can be introduced into existing factory with excellent facilities.

Write in strict confidence to:
Box H2360, Financial Times
10 Cannon Street, London EC4P 4BY

Plc Engineering Seeks Acquisitions

A progressive plc is seeking to expand its business base through acquisition in the manufacturing sector

We are looking for companies in the small to medium size range with pre-tax profits of up to £1m

Consideration for the purchase of any acquisition can be based on cash or equity or a suitable mix

Write Box H2271, Financial Times, 10 Cannon St, London EC4P 4BY

PRIVATE INVESTMENT

Private investor wishes to purchase interesting companies with steady growth potential. Manufacturing, distribution or service industries in pre-tax profit areas £50,000 to £200,000. Minority stake for financial assistance or financing management buy-out considered. Funds available £250,000 to £2m.

Write in strict confidence to Box H2361
Financial Times, 10 Cannon Street, London EC4P 4BY

INTERNATIONAL BOOKSELLING FAST EXPANDING PLC

seeks companies engaged in International Bookselling and related fields

Principals only reply to Box H2343, Financial Times 10 Cannon Street, London EC4P 4BY

VICEROY AMALGAMATIONS LTD

We are fully retained by clients who are actively seeking acquisitions in the following areas:

CLEANING
PROPERTY INVESTMENT
ESTATE AGENCIES
SECURITY SYSTEMS
MANUFACTURING
FINANCIAL SERVICES
DISTRIBUTION
CATERING

IF YOU HAVE A BUSINESS FOR SALE
CONTACT US FOR A CONFIDENTIAL DISCUSSION ON
BRISTOL (0272) 290320 — SHREWSBURY (0743) 248426
LONDON 01-441 5757

FINANCIAL TIMES SURVEY

Crewe and Nantwich grew up in the last century as a proud industrial centre at the hub of the world's first trunk railway system. They are now seeking, reports Alastair Guild, to capitalise on their strategic location and broaden their economy

Engineering a new future

CREWE OWES much of its past to the railway. The stamp of the company that developed the town from the 1840s onwards is still to be seen in its domestic architecture. The houses built to accommodate workers range from the detached villas for senior officials to the row upon row of neat terraced dwellings.

Its industry has long reflected this heritage also. Crewe Locomotive Works was opened in 1843, the year that the Grand Junction Railway arranged a mass migration of all its key staff and their families from Liverpool. *In the ensuing* 115 years, 7,334 steam engines were built in the works, which at their zenith had a workforce of over 8,000.

But unlike other parts of the country, where the railways went hand in hand with large-scale industrialisation and *urbanisation, Crewe, surrounded* by pleasant rolling countryside, has remained very much a self contained town, with its own distinct identity. This is partly reflected in an intense feeling of pride, as evidenced by its well-kept parks, gardens, and immaculate road verges *which have won it and its* neighbouring town, Nantwich, Britain in Bloom prizes.

Crewe's independence has been apparent also in the ability of its industries to meet the employment needs of its residents. The borough's 98,000 population and 46,000-strong workforce are concentrated in Crewe and Nantwich. Whereas in other parts of the country, more and more people have become used to travelling some *distance to work,* in Crewe bicycles are still the preferred mode of transport. In the inner parts of the town, 45 per cent of workers reach work by bicycle or on foot. In England and Wales, the average is 19 per cent.

Out of this independence has grown a stable workforce with a wide range of engineering skills, centered on British Rail Engineering and Rolls Royce Motors. When Rolls, now part of Vickers, first moved to Crewe in 1938, it built Merlin engines but now makes Rolls Royce and Bentley cars. Though these two industries account for 71 per cent of male employment in Crewe, small companies, many of them with an electrical engineering bias, have set up to service them. Rolls Royce recently invited local companies to visit the works to show them what they make, and so buy more locally.

But it has also made Crewe vulnerable to any reduction in those industries' workforce. The numbers employed at Rolls Royce have fallen by 1,000 since *the beginning of the 1980s,* while BREL has announced that 1,000 jobs are to go by March next year, reducing the employment level in the works to 3,000. But both businesses would appear to have turned the corner, and are now on a much more competitive footing, with high hopes *of increased orders.*

Crewe has already taken some major steps of its own to put the local economy on a broader footing. In the words of one local industrialist: "The locals have accepted that BREL would not necessarily be here for ever. Instead of wasting their time *fighting redundancies, they are* devoting their energy to creating jobs in other ways."

Early measures included the development in the late 1970s and early 1980s of the Crewe *Gates Farm industrial estate,* just a few minutes walk from Crewe Station. Only 20 acres of the 120 acre estate have yet to be built on, and all the present units are occupied. Started soon after local government reorganisation, it was an early sign of the key role to be played by *the council in generating* employment. The council put in the infrastructure, was active in marketing the sites, and has built factories in partnership with the private sector.

The Weston Centre, a development of industrial units backing onto the main railway line, is *another sign of increasing confidence* in the area, with Phase I already complete and let. Warren Insulation Distributors took 20,000 sq ft, the Post Office 15,000 sq ft, Malden Timber *7,000 sq ft and Mountain Range* Ambulances, manufacturing ambulances and fire tenders, 25,000 sq ft. The developer, Commercial Union Properties is now in discussion with companies interested in taking space in Phase II.

Also close to Crewe Station is *the Macon Business Village,* a development by Northern Workspace, in association with The Provincial Trust, of self-contained executive office units for sale, or rent at £5 a sq ft.

Just behind the Crewe Gates Farm industrial estate, work has already started on *preparing an 87-acre site for the Crewe* Business Park, aimed at high tech or knowledge-based businesses. The borough council and Cheshire County Council are sharing the costs of essen*tial infrastructure, likely to be* over £2m, and plots are being offered for companies to build their own tailor made premises.

"We have already had inquiries from computer companies in the south-east wanting to move here, and we have not even started marketing the park," *says David Griffiths,* Crewe and Nantwich Borough Council's industrial development officer. "We are very conscious that many firms in the M4 corridor are having difficulty finding skilled people. Here there is a skilled and stable workforce, while land in the *park will cost considerably less* than that in the M4 corridor."

Companies are also finding Crewe an attractive location because of its improving communications, believes Mr Griffiths. "One of the reasons the railway came here, was because it was seen as a good centre for covering the Midlands, the north west and Wales." So Co-op Tea and Coffee, for example, blends, packages and distributes nationally from Crewe. More distribution firms have *started to move to the area on* the strength of the direct link now being built to the M6.

Another factor is likely to be the business climate, with a number of major companies already having a presence in the town or within a ten mile radius. These include the drug company Wellcome, with its UK and Northern Ireland zone headquarters based at the imposing Crewe *Hall* on Crewe's outskirts; NMW Computers, a company processing thousands of stock exchange transactions every day from its Nantwich base; and GEC, ICL, Marconi, Siemens and United Peripherals.

Both the council and the local business community work closely together to enhance that climate. The joint industrial liaison committee lobbied for the M6 link, for example.

There is considerable co-operation also in assisting small businesses start and expand. SCOPE, the enterprise agency for South Cheshire, sponsored by two borough councils, the county council, local industry and the public sector has helped start more than 200 small businesses in two years.

The borough council and Cheshire County Council, meanwhile, have put together a joint submission to the Government for assisted area status. Crewe benefited considerably from intermediate area status until it was withdrawn in 1982. "That coincided with the world reces*sion, but we managed to keep* the companies we had, and attracted other, small companies," says David Griffiths. Though unemployment in the borough has increased, it is still, at just over 11 per cent, below the national and regional average."

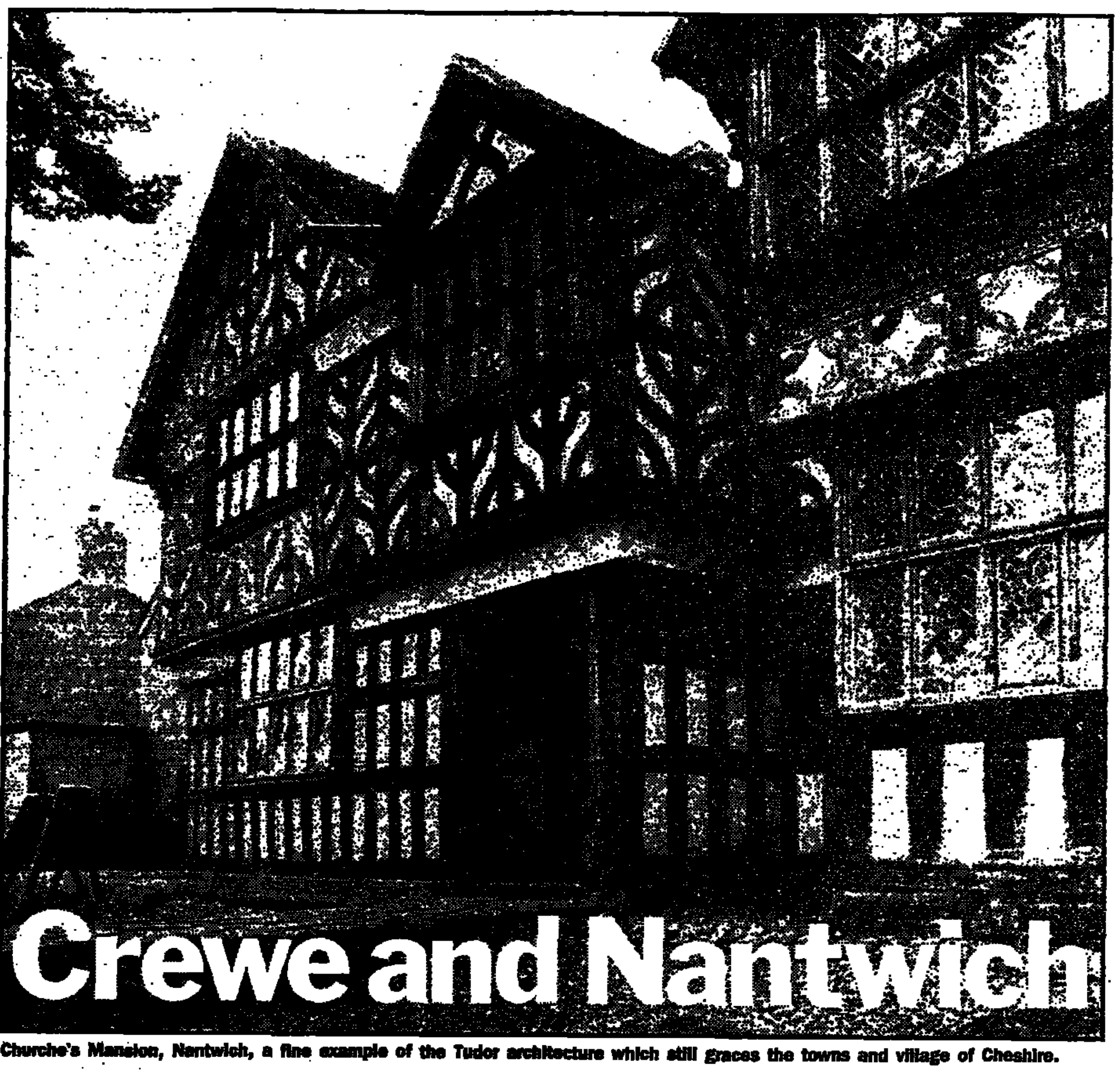
According to John Marks, director of SCOPE: "Companies that came here 10 years ago have continued to grow, while there is an expanding service and high tech office sector. Crewe has achieved this without regional development grants, so the businesses to open here have done so because they want to be here.

It is the larger companies that Mr Griffiths believes have tended to be persuaded by the incentives on offer in the *development areas that now* surround Crewe and Nantwich. "While we would obviously welcome them, Crewe, as a non-assisted area, is better concentrating its efforts on the high technology sector, where there is more importance attached to the skills of the workforce and the quality of life. Another key, we believe is the range of houses available, from the *traditional dwellings in Crewe,* to the elegant town houses of Nantwich's conservation area."

The council has received over 100 responses in the past year to its promotional efforts in the US. *It is also marketing the* borough within the region. "Research has shown that the majority of firms relocating do so within a 20 to 30 mile radius of where they are based. NMW Computers, previously based in Manchester, is one example," says Mr Griffiths.

Tourism is increasingly recognised as providing an important diversity to the area's economy. The Crewe Heritage Festival, celebrating 150 years of railway history in the town, is expected to attract 100,000 enthusiasts and plenty of media coverage. It is hoped to turn the site into a permanent heritage centre. The borough already has two of the largest attractions of their kind in the world in Bridgemere Garden World, a gardening centre, and Stapeley Water Gardens.

Improvements are also underway to retail outlets in Crewe and *Nantwich. ASDA and the* Co-Op have updated their units in Crewe's town centre, while MFI and B&Q are now established and specialist retailers have moved in. The council is planning to improve the shopping environment by pedestrianisation and landscaping, as *has already happened in Nantwich.* There, Trafford Park Estates is creating a new development of four shop units while retaining historic facades.



Churche's Mansion, Nantwich, a fine example of the Tudor architecture which still graces the towns and village of Cheshire.

Crewe's big manufacturers

Name	Ultimate Holding Co.	Year end	Turnover £m
Wellcome Foundation	——	08/86	1,005
Rolls Royce Motor Cars	Vickers plc	12/85	164.6
Air Products	Air Products & Chemicals Inc.	09/85	106.4
A. G. Stanley Holdings	——	12/85	64.6
Rapid Recall	Unitech plc	05/86	39.1
Morning Foods	——	10.85	14.1
Midland Rollmakers	Sheffield Forgemasters	06/85	11.7

After investing in efficiency, local industry is

In a confident mood

CREWE HAS a wide range of industry. But it is a diversity that has started to develop significantly only within the past 10 years. Before, the area depended almost entirely on two industries, British Rail Engineering and Rolls-Royce Motor Cars. Now, many other companies of national and international status are firmly established in the borough, in fields as varied as pharmaceuticals, in-car entertainment, tea and coffee blending, and gas production.

Unlike many less fortunate parts of the region, however, engineering has managed to bounce back from the recession of the early 1980s. Both BREL and Rolls-Royce have taken steps to make themselves more competitive, including a programme of redundancies linked to increased investment in up-to-date plant, and now face the future with much confidence.

As part of its rationalisation, BREL has shed 1,000 jobs in the past six months, sold off 28 acres of the site for commercial development, and last year invested £5m in the Crewe works. BREL had to make itself more competitive, since it could no longer rely, as of right, on British Rail putting work its way.

There were two reasons in particular for the redundancies. The prime business of the Crewe works is the overhaul and repair of locomotives and locomotive parts. As BR has become more business led, with its division into market sectors each headed up by business managers, so maintenance charges are being much more closely scrutinised.

Though Crewe still supplies major components for locomotives, the fitting and testing of those components is now carried out at depots dispersed around the country.

With the introduction of new working practices and automated machinery, there have already been significant improvements to turnround times. BR set a target of 15 working days "cost effective maintenance" for the Class 46 locomotive. The Crewe works is now achieving an eight-day turnround.

With its greater efficiency, BREL will also be well placed to win new build orders from BR and elsewhere. The two orders it is currently meeting were won in full and open competition, including 31 Class 91 locomotives, for the East Coast line, with an option on another 29, and orders for 29 Class 82 locomotives and an option on a further 31. This represents, in total, a three-year workload.

BREL is confident of winning orders for the Channel Tunnel project, but it is also seeking to expand its non-railway work to maximise the use of its facilities, whether in general fabrication, rewinding of electrical motors, power unit repairs or steel foundry work.

Rolls-Royce Motor Cars emerged from a difficult period in the early 1980s and also faces the future with considerable confidence. It employs 4,000 at its Crewe works with a wide range of crafts and skills, from machining to upholstery, from carpentry to tool making. When most car manufacturers are little more than assemblers of components, Rolls-Royce is a self-contained unit.

Its total annual production of 2,600 cars is split 60:40 between Rolls-Royce and Bentleys. The US is the main market for Rolls. Japan, where it sells through one of the old trading houses, was its biggest export success story last year. It doubled its sales to 127 cars, and expects that to double again this year.

However, no immediate increase in the workforce is envisaged. "Our main aim is to maintain continuity of employment within the existing workforce," says William Laws, a company spokesman.

Pharmaceutical company Wellcome also takes local trainees, apprentices as well as sandwich students, from local colleges. Wellcome acquired the impressive Crewe Hall on the town's outskirts, in 1966 with its purchase of pharmaceutical company Calmic which had leased the mansion since 1947. It is now Wellcome's headquarters for the UK and Northern Ireland. Of its 700 staff at Crewe one-third are in production with the rest in administration.

Some £3m has been invested in a highly automated warehouse and production packaging facility. As well as the production of pharmaceuticals, there is a print and packaging division on the site, designing and manufacturing cartons for Wellcome's own drugs as well as doing outside contract work. Cooper's Animal Health, a company formed out of the Animal Health Division of ICI and part of Wellcome's own veterinary and agricultural division has its own premises on the Crewe Hall site.

Crewe is ideally placed for Wellcome's nationwide distribution network and the M6 link will bring further improvements. It is also a good centre for administration, with fast rail connections, the proximity of Manchester international airport, and a pleasant rural area to which Wellcome finds no difficulty in attracting professional staff.

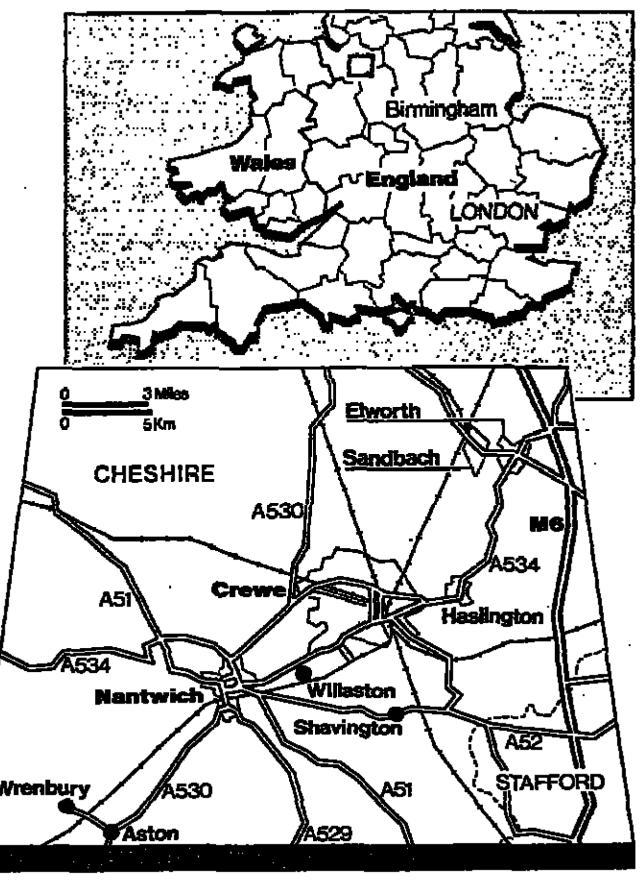
NMW Computers, based near Nantwich, and offering a wide range of computer services to stockbrokers nationwide, has also found the area's pleasant environment a considerable advantage. "You get things done better here than you would in London," says David Fachiri, marketing director. "It is also a low-cost area by comparison with the City.

NMW, originally running its bureau from Manchester, considered a move in the late 1970s, when it outgrew its mainframe and needed to expand. It wanted somewhere with good communications, since at the end of every day, hard copies of financial information down to trial balances had to be distributed to client firms.

Since moving to Nantwich NMW's growth has been considerable. From offering services primarily to "country" brokers, it now derives over 50 per cent of its business from London-based firms, and handles over 50 per cent of all transactions processed each day in the UK. Before moving to Nantwich it had a staff of 40. It now employs over 130 at Nantwich and 300 in the group as a whole.

Murray Vernon is an example of a local company which has grown up in Crewe over the past 20 years into a £70m a year business, distributing butter, cheese and milk powders, under the brand name "Murray Vale" in bulk and consumer packs. Now employing 30 people at its Haslington Hall headquarters in Crewe, Murray Vernon exports its products to airlines, hotels, restaurants and retail outlets in over 40 countries worldwide.

Alastair Guild




Crewe's most famous industry: a 1st class locomotive under construction at British Rail's local engineering works

Tourism embraces flowers, sharks and steam

A feast of attractions

CREWE CELEBRATES 150 years of railway history in style this month, with a major festival expected to bring over 100,000 enthusiasts to the town. It is the latest in a series of attractions across the borough, fast becoming an important area for tourists.

Crewe was the hub of the first trunk railway in the world, linking the industrial Midlands with Manchester. The town developed on the strength of the railway. The clothing industry came to Crewe in the last century to provide jobs for its female workforce, Rolls-Royce in the 1930s on the strength of the town's engineering tradition. Crewe Works, which sprang up just a few years after the railway first arrived, is the birthplace of many of the finest engines.

It is hoped that the site of the railway festival will become a permanent heritage centre. Around £½m is being spent on preparations, which only began in December, while some of the work is being carried out by people on the community programme. The council, which is underwriting the project, is also seeking private sponsorship to offset the cost.

It should do much to raise the perception of Crewe in the minds of the 12m people who travel through it each year. The verges of the railway line are being landscaped and planted with trees and flowers. A new exhibition hall will house exhibits from collections across the country, telling both the engineering and social side of railways and their impact on Crewe in the last 150 years.

The signal box, once the nerve centre for controlling the complex network of lines converging on Crewe, is being revamped and will be open to the public as a working signal box, while enthusiasts will be able to watch steam engines made in Crewe running up and down lines leading off the main track. As part of the celebrations, BREL has opened the doors of its Crewe works where many fine engines, such as the Claughtons, Royal Scots and Duchesses, were made.

A rather different experience is to be had at the Bridgemere Wildlife Park, opened in 1972 and the first of its kind in the north west of England. Originating as a private collection of waterfowl on one small pool 15 years ago, it has been developed and extended to its present size of 35 acres and now contains over 60 species of swans, geese and ducks. Waterfowl are only one feature of the park, the enclosures holding a wide range of native and foreign animals.

A heritage centre adjoins the park, and is flanked on two sides by barns dating back to 1600. Here there is a craft centre with a wide variety of craftsmanship such as musical instruments in the medieval style, and various displays, including falconry taxidermy, and rare British breeds of sheep, pigs, goats, cattle and poultry.

Bridgemere Garden World, which had similarly humble beginnings, now attracts upwards of a million and a half members of the public each year. It began in the early 1960s when John Ravenscroft, a plant lover since boyhood, purchased six acres of land, in two small paddocks, for £600. His first crop was 10,000 roses. Today, together with its associated Bridgemere Nurseries, it is the largest horticultural enterprise in Europe, with an annual turnover of £3m, occupies some 250 acres of land on the A51 Nantwich-Woore-Stone road and employs 140 full time.

It offers a choice of over 6,000 different kinds of plants and bulbs as well as a vast range of other garden and leisure products. Last year the Bridgemere/Sentinel garden captured the Supreme Award at Stoke's National Garden Festival and within a few months, it will have been recreated with many more plants and new features.

"Five years ago we realised that people do not just come here to buy plants, but because we have the biggest collection of plants in the country," says John Ravenscroft. Two years ago, conservatories and greenhouses were added, each landscaped in their own setting. There is a mower and power machine section and the garden furniture section has been extensively expanded.

The Bridgemere nursery, launched in the early 1960s, now occupies about 200 acres. Annual production of main crops ranges from 25,000 fruit trees to 750,000 container-grown trees and shrubs. About one third is sold via Bridgemere Garden World and the remainder goes wholesale to local authorities, development corporations, the Department of the Environment, landscape contractors and other garden centres and nurseries.

Last Easter, a service was launched for experienced and novice fish keepers. Bridgemere Water World is housed in a new landscaped unit incorporating a 5,000 gallon display pond for imported exhibition Koi, a rockery and water course and a wide range of cheaper coldwater, tropical and marine fish and accessories.

Koi carp is just one of the creatures on show at the Stapeley Water Gardens, also near Nantwich. You are invited to "plan your escape to paradise." Over 1m take the opportunity each year. A 30 ft high atrium with fountains is the focal point of a formal Mediterranean palace scene. Luxuriant palm trees flank the central raised pools glistening with the Koi, recreating a paved court water garden some 100 ft long.

Elsewhere, you are transported to a palm paradise island, where you can pretend to be a castaway "without a care in the world," encounter octupus, lobsters, sharks, stingray and hungry predators. The two-acre site is set within Europe's largest water gardens.

A.G.

Claudel at Avignon

As at Aix, the Avignon Festival has just celebrated its 40th birthday. The sensation this year has been a production of the whole of Claudel's *Le Soulier de Satin*. This continued throughout the night in the courtyard of the Papal Palace. You went in at 10 pm and came out around 11 am the next day if you lasted the full course. At least one performance was rained off. The weather in Provence this year has been terrible.

Jean-Louis Barrault produced a heavily curtailed version of this work in 1943 at the Comédie Française. With the blessing of the Avignon Festival's director Alain Crombeque, and a subsidy from Air France, Antoine Vitez hast gone the whole hog in a co-production between the Association Française d'action artistique and the Théâtre National de Chaillot.

The setting, by Yannis Kokkos could not be bettered. The vast facade of the mediaeval papal fortress provides all that is required by way of a backcloth and several points of vantage from which spotlights and batteries of floods can shine down on the rectangle of flooring with its wide border of blue that serves as the arena on which Claudel's antagonists, Spanish dons, donnas and royals, work out their salvation. Our imagination fills in the rest of the scenery aided by toytown props: a fleet of model ships, a wooden dolphin.

The only scenery is a partition or doorway brought in by an attendant and held in place during a vital encounter, a rug spread out for a woman to lie on and bellow her plight to the heavens, a silhouette of a castle or a basilica cut out in white and moved on by an ingenious sysem of wire rails.

Such spareness and simplicity of spectacle is perfectly in keeping with the oriental style, the Chinese origin of the tale which gave Claudel his basic notion. It sprang from a story in which two lovers try to arrange a rendezvous which they are continually frustrated from keeping through the malevolence of fate. Here they are Don Rodrigue (Didier Sandre) and Dona Prouhèze (Ludmila Mikael). In Claudel's theatrical transmutation of the tale, completed in 1924, accident is just as obstructive—a letter sent by Prouhèze to Rodrigue takes 10 years to reach him and passes through many hands on the way—but it is the instrument of a high Catholic dogma that imposes its own necessity. The beautiful Prouhèze is married to the elderly Don Pelage, played by the director, and having taken the marriage vow her passion is desperately at odds with her faith.

Claudel alternates tender scenes of sexual confession with aggressive encounters between the rival noblemen but then with deliberate naivety he introduces the young woman's Guardian Angel, wings and all, (Aurelien Recoing) to explain the theological implications of her position. The eruption from time to time of our feathered friend putting the case for restraint induces an air of embarrassment, however sincerely the actor plays the role, but somehow it does not succeed in wrecking the whole concept.

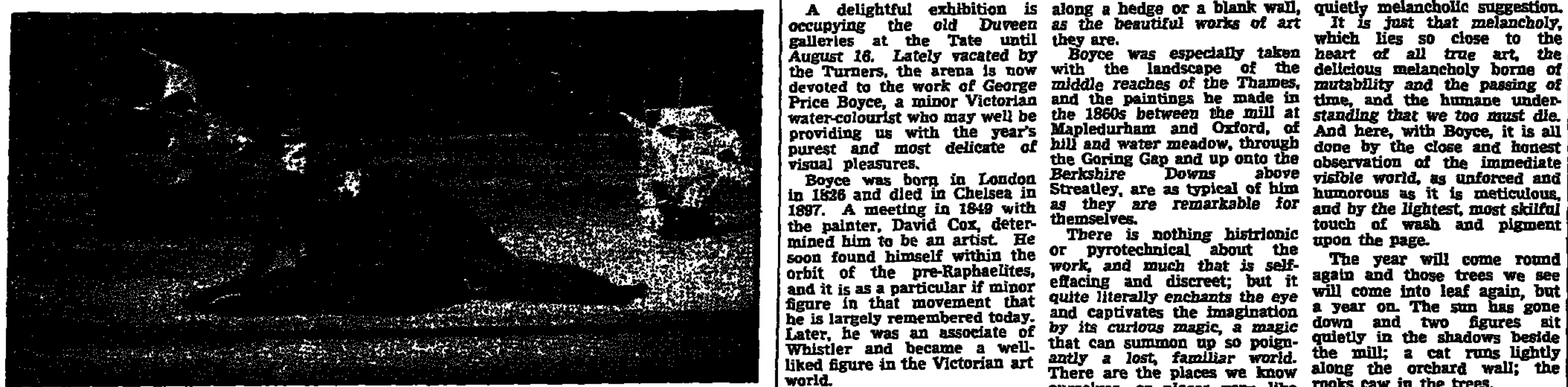
The core-subject of the play is clearly the meaning of adultery in a society where marriage is regarded as sacramental, and amorous passions run high. But Claudel's inordinate dramatic ambition does not stop there. He peoples the stage not just with a ruling elite but with an entire society on the make, a world in which there were rich pickings to be had for the ruthless heroine, the lowly sensuous Donna Music (Jany Gastaldi), has a happier fate than Prouhèze and ends by giving birth to the future Don John of Austria.

Both heroines have long scenes with their tormentors and spouses in which they are entrusted with the utterance of Claudel's most intense and portentous verse, of which the equivalent in the English tongue would be the rhetoric of Walt Whitman. Both these striking ladies, a good deal more than adequate in their roles, fail to find a variety of cadence for the task and fall into that impassioned nasal chanting of the lines, which to British ears is a parody of the French classical manner. The men much less so. There is a fine virile performance from Robin Renucci as Prouhèze's other admirer Don Camillo, who becomes her second husband. He is converted to Islam mainly to further the author's ideological argument.

Spain at the period of the Counter-Reformation is thus a model with which Claudel takes many liberties. He shows how much it was an age of seapower and navigation; ships penetrating then uncharted waters in a surge of imperial expansion and adventure is the most attractive feature of the latter part of Vitez's production.

Poor Prouhèze is dead; Rodrigue has lost a leg in battle and has become a painter of sacred icons. Sandre invests him with fine outbursts of rage on his way to sainthood. Music's daughter Dona Sept Epées (Judith Vitez) has become a strong-minded young woman who finds in him a surrogate father. The Armada has set sail and on its fate hinges the closing stages of this very long play. The stage-picture remains as ingenious as ever; some wonderful puppets to resemble the members of the Cortes; the verse interchanges continue to raise abstruse emotional arguments but any thread of unity binding it all together has long since snapped. Claudel's impossible demands are met in full by Vitez and his heroic troupe of actors but dare a foreign observer say that they did not by the end seem justified?

Anthony Curtis



Ludmila Mikael and Didier Sandre

"A girl by a beech tree in a landscape" by George Price Boyce, Tate Gallery

Tate Gallery/William Packer

Delicate glow of Boyce

A delightful exhibition is occupying the old Duveen galleries at the Tate until August 16. Lately vacated by the Turners, the arena is now devoted to the work of George Price Boyce, a minor Victorian water-colourist who may well be providing us with the year's purest and most delicate of visual pleasures.

Boyce was born in London in 1826 and died in Chelsea in 1897. A meeting in 1849 with the painter, David Cox, determined him to be an artist. He soon found himself within the orbit of the pre-Raphaelites, and it is as a particular if minor figure in that movement that he is largely remembered today. Later, he was an associate of Whistler and became a well-liked figure in the Victorian art world.

His subjects were always of architecture and landscape, the buildings seen at first in a glow of romantic antiquity, rather than in the tradition of the young Turner of the 1790s. And the precepts of Ruskin are clear in the insistent detail of much of his earlier work, whether in Venice or Westminster Abbey. Gradually he came to see the buildings that so intrigued him — the cluster of barns across the fields or the mill straddling the river — as being essentially at one with their setting, an integral element of the natural landscape.

In this his contemporaries thought him remarkable enough and, while admiring his work, were very much intrigued by what they considered his unconventional treatment of his material. "Mr Boyce," wrote the *Art Journal* of 1866, "is singular in the choice of his subjects, inasmuch as he loves to plant his sketching stool just where there is no subject. Yet does he manage to make out of the most unpromising of materials a picture which for the most part is clever and satisfactory." We for our part can just about see what the poor reviewer means, but surely can have no such trouble in accepting these elegiac, contemplative views of backs of houses, or along a hedge or a blank wall, as the beautiful works of art they are.

Boyce was especially taken with the landscape of the middle reaches of the Thames, and the paintings he made in the 1860s between the mill at Mapledurham and Oxford, of hill and water meadow, through the Goring Gap and up onto the Berkshire Downs above Streatley, are as typical of him as they are remarkable for themselves.

There is nothing histrionic or pyrotechnical about the work, and much that is self-effacing and discreet; but it quite literally enchants the eye and captivates the imagination by its curious magic, a magic that can summon up so poignantly a lost, familiar world. There are the places we know ourselves, or places very like them, and just as we might know them too in our mundane lives, caught by a physical experience of light and landscape. It is not so much by a shock of recognition that a world 100 years old comes so positively alive, as by gentle, insistent, quietly melancholic suggestion.

It is just that melancholy, which lies so close to the heart of all true art, the delicious melancholy borne of mutability and the passing of time, and the humane understanding that we too must die. And here, with Boyce, it is all done by the close and honest observation of the immediate visible world, as unforced and humorous as it is meticulous, and by the lightest, most skilful touch of wash and pigment upon the page.

The year will come round again and those trees we see will come into leaf again, but a year on. The sun has gone down and two figures sit quietly in the shadows beside the mill; a cat runs lightly along the orchard wall; the rooks caw in the trees.

Boyce was not a definitive genius of his age, but his work should now be seen and savoured for the exquisite personal achievement it is. Not only palpable masterpieces, after all, are to be admitted to serious consideration.

"Venice, Canal scene" by George Price Boyce, Tate Gallery

Fellini retrospective at the Barbican

A RETROSPECTIVE of the work of Italian film director Federico Fellini will take place in the Barbican Cinema from September 18 to 30, consisting of 20 films from *Lights of Variety* (1950) to *Ginger and Fred* (1986).

Fellini's latest film, *Fellini's Scrapbook*, will be screened on September 19.

Mystery of the Rose Bouquet

Martin Hoyle

The Argentinian writer Manuel Puig has an ironic way of counterpointing his characters' sufferings with the kitsch of popular culture. In *Kiss of the Spider Woman*—the novel, play and film by which he is best known—a homosexual prisoner lards squalid reality with fantasy B-movie glamour.

The latest Puig play to reach us contrasts the personal and professional regrets of an embittered spinster nurse with her dreams of handsome strangers and wealthy employers with imminently defunct wives, owing as much to Mills and Boone as *Jane Eyre*. Despite this double bluff, however, the author's diversionary tactics are soon rumbled: take away the deliberately portrayed banal and novelittish sentimentality and you are left with an unavoidably banal and novelettish play.

Staged at the Donmar Warehouse, Covent Garden, under the auspices of the fire-damaged Bush Theatre where *Spider Woman* enjoyed such success, the new piece echoes its predecessor in being a two-hander of initial animosity, growing interdependence, double-cross and remorse. Here the duo are a cantakerous old woman (Brenda Bruce), in a clinic for depression, and her browbeaten nurse. The latter, endowed with Gemma Jones's troubled Renaissance Madonna mournfulness and wilting daffodil vulnerability, hungrily wolfs the scraps from her charge's plate, laments her inadequate qualifications and lonely life, and wins over the soft-hearted old curmudgeon as one predicted after the first five minutes. The revelation that she is being gently duped drives the patient to play a cruel hoax on the nurse, but wounds are finally healed with the prospect of a world cruise together ("Let's do something fantastic . . . I need a change of air, you need a project")—or is this too a fantasy?

Meanwhile, each woman dreamingly recalls painful moments in which the other assumes various roles. Thus Miss Bruce re-enacts confrontations with her smug sister and hard-bitten daughter, embodied by Miss Jones varyingly shod and hatted; and the dozing nurse relives her mother's deathbed confession with Miss Bruce as tyrannical parent.

Spider Woman may have been commonplace and superficial, but it had a certain courage (in a Latin-American context) in dealing sympathetically with homosexuality. Here, as the patient grieves over a philandering husband and the death of adored grandson Victor, and is consoled by the nurse ("God got it right the day Victor was born"), the spirit of Pollyanna—immobilised, you remember, but brightly treasuring the memory of her legs—looms queasily close.

This impression is not dispelled when the cool white walls of Kenny Miller's excellent design (spacious; hints of sunshine outside) climactically part to reveal a pattern of roses and trigger off a confusing jumble of resonances (Catholic imagery? Tennessee Williams? Sanderson wallpaper?). Allan J. Baker's translation, as in *Spider Woman*, has an understandable American ring; but why an English production with very English actresses retains "gotten" in place of "got" is a mystery — nor, in English, does one recriminate people, even oneself. Robert Allan Ackeman's production allows a nurse to leave the room obediently when her patient wants to make a private 'phone call, apparently not caring that the old lady has to get out of bed and hobble several yards to do it.

But then consistency is hardly the play's strong point. Even the performances of two intelligent, sympathetic and eminently watchable actresses just fail to give it the kiss, not of a spider woman, but of life. What might pass an hour on television on a dull evening here looks fatally trite at full length on stage.

Capriccio/Glyndebourne

Max Loppert

Taking over the conductor's post late in the run of a Strauss opera is surely among the less enviable of Glyndebourne job opportunities. Graeme Jenkins is conducting the final four performances of the current *Capriccio* revival; at the first of them, on Sunday, he and the LPO kept the music of the "conversation piece" flowing with remarkably few hitches and stumbles: by any account, it was an accomplished reading of an extremely difficult opera.

In the first "half" (Glyndebourne's dinner interval is of course an interruption of Strauss's single-movement opera) that flow was not absolutely seamless—the first appearance of Flamand's sonnet setting was rather plodded through, and (by David Kuebler) rather grittily sung and phrased. But for the most part, all the components were in fine working order; words, vocal tone, and instrumental statements and counterpoints were blended with that airy cleanness of sound that only genuine Straussians know how to elicit.

And in the second part of the evening Mr Jenkins succeeded in drawing full amusement out of the diversions (dancers' and singers' scenes, laughing ensemble, servants' chorus) without making a separate meal of each. The fact that the orchestra was playing this well this late in the festival season must prove the point about the conductor's authority—the strands of the prelude at the start of the evening and those of the Moonlight Interlude towards its close were all notably limpid.

The John Cox production itself remains in sleek shape (likewise, in spite of an announced cold, Felicity Lott's coolly self-absorbed, silver-voiced Countess). But I trust that its retirement is due at the end of this season: there was a feeling of high-class repro. about the stage activity, a sure sign that a successful production is reaching the end of its natural artistic life.

Music Australis/Guildhall School of Music

Paul Driver

The festivity, as such, of the City of London Festival did not unfortunately embrace a concert — one of three on consecutive evenings — given by an ensemble, Korokon, of Guildhall School musicians on Friday and devoted, like the other two, to contemporary Australian music. Barely a dozen auditors appeared: the Festival had evidently forgotten to promote this particular part of itself, which is a pity since honourable service was being done to some 15 Australian composers, and the playing—under the direction of Merion Powell, who is Australian, and teaches at the Guildhall— was consistently fresh and enlivening.

While some of the pieces on Saturday's programme utilised electronic tape, the items on Friday's were for pure chamber ensembles. Two were composed by relatively well-known figures — Ross Edwards and David Lumsdaine; three by younger figures — Gerard Brophy, Riccardo Formosa and Andrew Schultz—a generation whose teachers have included Lumsdaine himself, Richard Toop, Don Banks and, interestingly, Franco Donatoni.

Brophy's *Sofre* (1983) for a string quartet enhanced by vibraphone, celeste and harpsichord was very lively, colourful and brief. Formosa was represented by a triptych of pieces for variously formed small ensemble: *Durchführung* (1984) for piano and strings was exactly as his note described it—"virtuosic but elegant, almost divertimento-like." *Tableaux* (1982) was a pungent, restless little scherzo, making a quite thrilling use of double-tongued piccolo at the end (the piccolo part at the beginning was derived from the musical letters of Donatoni's name). *Vertigo* (1986) for piano and winds completed the skilful picture. Schultz's *L'Oiseau Fantastique II* (1984) tried a trick or two of repetitive music.

Edwards's *Maninya III* (1986) proved in spite of its alarming title and the programme note's claim that it reflected an interest in non-western musics to be a perky, mellifluous wind quintet.

Industry and the arts

The Minister for the Arts, Mr Richard Luce, who led with a hefty left the other week, criticising the arts world for being a load of moaning minnies and the victims of their own lack of marketing sense, followed with a right last week by praising industry for its enthusiasm for arts sponsorship, which will contribute over £25m this year.

This is still small beer compared with the £138.4m distributed by the Arts Council but it represents as substantial improvement of the £1m spent by business on the arts a decade ago. Also, it seems to prove the minister's point that, in contrast to the misgivings of arts organisations, there is still plenty of potential in sponsorship.

Unfortunately the minister's praise for industry co-incided with the news that his principal idea to encourage such spending, the Business Sponsorship Incentive Scheme, under which the Government tops up the sponsor's contribution, was in danger of running out of its annual budget of £1.75m after only four months of the financial year.

This can be seen as the Association for Business Sponsorship of the Arts, which handles the scheme, providing Mr Luce with ammunition to squeeze more money out of the Treasury this year. But this is always a difficult task. More likely it will strengthen his hand to get a larger sum for 1988-89. ABSA would like £4m.

It is just possible that the minister will use the BSIS to push through his revolution in arts funding, forcing arts companies to rely less on state subsidy and more on selling themselves to the public and to patrons. He could freeze his aid to the Arts Council next year but substantially raise the money available to top up sponsors' money. This would be the challenge funding he advocated.

It would cause an outcry in the arts world, but the BSIS does seem to have worked. In three years more than 800 businesses have contributed £10.1m to the arts, with the Government adding another £4.2m as a result.

Mr Luce also announced some interesting new sponsors—NALGO for backing the Young Vic's production of *Rebel in Paradise*, a play with an unsurprising left wing theme; Howes Percival, the Northampton-based solicitors, who are backing a national Tour by the Orchestra of St John's, Smith Square; Murphy's Irish Stout building its sales push in the UK around a new work by Shaun Davey about a 16th century woman chieftain from County Mayor, at the Greenwich Festival; and Eurotunnel sweetening the local community with an open air concert at Leeds Castle.

Giving these and 70 odd more sponsors awards, Mr Luce could maintain, with some justification, that sponsors are quite prepared to go for the unusual, the local, and for the youth market. Traditional events—operas, ballets, etc—are less popular, probably because of the expense involved.

Antony Thorncroft

John Whiting Award winners

The John Whiting Award, administered by the Arts Council in memory of the playwright John Whiting, has been won by Guy Hibbert and Heidi Thomas, who share the prize of £3,500.

Mr Hibbert's *On the Edge* was seen at the Hampstead Theatre in 1985, Ms Thomas's *Shamrocks and Crocodiles* at the Liverpool Playhouse in the same year.

The authors received their awards from Sir Brian Rix, chairman of the Arts Council's drama panel.

The judges on this year's award were the director Pip Broughton, the critic Michael Coveney and the actor Roger Rees.

Arts Guide

July 24-30

Music

LONDON

Chamber Orchestra of London conducted by Phillip Simms with Jon Bradbury, violin and Yitkin Seow, piano. Handel, Mozert and Vivaldi. Barbican Hall (Thur). (638 8891).

PARIS

Sardinia's religious and traditional music, Maria Carta singing, Sergio Vartolo, organ and singing (mon 8.30pm) Saint-Severin Church.

Angela Hewitt, piano: One Hour with Roussel (Tue, 7pm) Auditorium des Halles, Porte Sainte-Eustache.

Chamber Orchestra from Czechoslovakia conducted by Otokar Stejskal with the Nielsen Quintet: Mozart (Thur 8.30pm) Auditorium des Halles.

All the above are part of the Paris Festival Estival (4804 9801).

NETHERLANDS

Amsterdam, Oude Kerk (Oude Kerksplein). Organ recital by Jan, Peter and Wim Zwart (Wed).

Amsterdam, Nieuwe Kerk (Dam Square). Organ recital by Gustav Leonhardt (Thur).

NEW YORK

Mostly Mozart Festival (Avery Fisher Hall): Music on Original Instruments. Christopher Hogwood conducting, Steven Lubin fortepiano, Stanley Ritchie violin. Mozart, Beethoven (Mon); Mostly Mozart Festival Orchestra. Leopold Hager conducting, Richard Stoltzman clarinet, Paul Gallo basset horn, Janos Starker 'cello. Mendelssohn, Weber, Haydn, Mozart (Tue, Wed); New York Chamber Soloists. All-Bach harpsichord programme (Thur). Lincoln Center (874 2424).

Jazz in July Festival (Kaufmann Hall): Margaret Whiting, Dick Hyman and Max Kaminsky among others pay tribute to the Eddie Condon Club (Tue); piano recitals by Marian McPartland, Roger Kellaway and Dick Hyman (Wed); Joe Williams and the Count Basie Orchestra (Thur). 1395 Lexington Av at 92nd St. (996 1100).

WASHINGTON

Wolf Trap: Fairfax Symphony conducted by William Hudson, Marvin Hamlisch piano. Mixed programme (Tue). Vienna, Va. (703 255 1868).

CHICAGO

Ravinia Festival: The Beaux Arts Trio. Beethoven, Schumann, Brahms (Mon); Ensemble of Authentic Instruments. Christopher Hogwood conducting, Steven Lubin fortepiano. Mozart, Beethoven (Tue); Joe Williams and the Count Basie Orchestra (Wed); Chicago Symphony. David Zinman conducting, Jeffrey Kahane piano. Weber, Chopin, Schumann (Thur). Highland Park (728 4642).

TOKYO

Setsuko Sekinofer, piano. Haydn, Mozart, Beethoven, Chopin, Mullion Concert Hall, (Thur) (501 5638).

Traditional Japanese Music: Shamisen, hand drum and flute recital by the Shinju Kai group in a concert version of well-known pieces from Kabuki. Shoken Kaikan Hall, near Kayabacho. (Thur) (351 0329).

Opera and Ballet

NEW YORK

New York City Opera: A week of performances of Stephen Sondheim's Sweeney Todd begin, conducted by Paul Gemignani in Harold Prince's production with Joyce Castle and Timothy Nolen; also Faust, La Rondine and Tosca, with Elizabeth Hollaque in the title role conducted by Alessandro Siciliani in Frank Corso's production. Lincoln Center (870 5570).

New York Grand Opera (Central Park): Free performance of the first New York staging of Verdi's Il Corsaro at the 72nd Street Bandshell. (860 1335 for raindates).

Jacob's Pillow Dance Festival: Summerlong work and performance schedule in the Berkshires features recitals this week of the Paul Taylor Dance Company (Tue-Thur). Becket) MA (413) 243 0745.

WASHINGTON

Bolshoi Ballet (Opera House): Performances of The Golden Age continue, along with the first act of Romeo & Juliet and the second act of Spartacus. Kennedy Center (254 3770).

LONDON

Coliseum: Bolshoi Ballet Academy in mixed programmes. (836 3161).

Sadler's Wells: Merce Cunningham season continues. (278 8916).

Royal Festival Hall: London Festival Ballet begins a season of popular ballets on July 28 starting with Coppelia in which Rudolf Nureyev is promised as Frantz (928 3191).

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Tuesday July 28 1987

Half measures on EC steel

THE European Commission's latest proposals for tackling the crisis in the EC steel industry, to be discussed by the Council of Ministers in September, look suspiciously like a recipe for yet another fudged compromise which will fail to resolve the central problem of chronic excess production capacity.

The essence of the proposals is a straightforward trade-off. In exchange for prolonging quotas on about half of EC steel production for three more years and imposing output levies which would be used to fund the cost of restructuring, the Commission hopes it can persuade steelmakers and EC governments to accelerate the rate of plant closures.

However, the package has serious shortcomings. The proposed system of levies would further distort the market by penalising efficient producers enjoying buoyant domestic demand. This has particularly angered the UK, not least because the Government is anxious to privatise the newly-profitable British Steel on favourable terms as soon as practicable.

The Ecu 600m which the levies are expected to raise over three years is, in any case, derisory in relation to the likely scale of restructuring costs. Though these can still only be guessed at, the Commission estimates that 30m tonnes of steel capacity will have to be closed by 1990, and that the resulting job losses will total about 80,000.

Political obstacles

More important, however, is that the principal obstacles to further cuts are not financial but political, as Eurofer, the EC steelmakers' club, acknowledged earlier this year. The bulk of excess capacity is in hot-rolled flat products made by large integrated plants, many of which are state-owned and located in regions with high unemployment. Hence the onus for deciding on most future closures lies squarely with EC governments.

Several Community governments do not, to say the least, seem in any hurry to grasp this particular nettle. In some cases, such as Finsider, Italy's state-owned steel holding company, the problem is compounded by the tactics of politicians who appear more intent on using their influence to advance narrow party interests than to encourage industrial rationalisation and increased efficiency. The danger is that too many governments will view an extension of the quota regime as a pretext for deferring painful decisions on cutbacks rather than as a device for facilitating them.

The Commission, it is true, has said that it will agree to prolong quotas beyond the end of this year only if it receives commitments in advance to make further plant closures. However, it has studiously avoided specifying the minimum level of capacity reductions which it would consider acceptable, saying only that it is seeking "a good portion" of the total.

Escape route

Officially, this vagueness is ascribed to the need for further consultations with the steel industry and EC governments. But it also looks like a sign of weakness; it could all too easily become a convenient escape route, whereby the Commission could avoid losing too much face if it failed to secure all the closure undertakings which its own experts believe are needed.

Under pressure from the industry and from governments, the Commission has already retreated from its earlier goal of restoring a free market in steel from the start of next year. Unless it stands firm now, the risk is that the present cartelisation of the market will drag on indefinitely.

The Commission has all the legal powers it needs to dictate a solution. It should have the courage to use them. Instead of trying to haggle over a negotiated compromise, it should declare its intention to lift production quotas from the start of next year and enforce rigorously its ban on illegal subsidies. Only then are recalcitrant governments likely to start taking it seriously enough to tackle the excess capacity problem in earnest.

Mahathir mends some fences

OFFICIAL VISITS by foreign political leaders fall neatly into two categories; those that are never out of the news and those that are never in. The visit to London by Dr Mahathir Mohamad, Prime Minister of Malaysia, is a good example of the effectiveness of the latter. He left at the weekend, after a week of public invisibility, with some important fences mended.

It is regrettable that Dr Mahathir's belated amicability had to be forced by a collapse of prosperity in Malaysia. He now urgently needs links from which investment and stronger trading relations can grow. Malaysia was one of the fastest developing economies in the ASEAN area, dominating the world markets during the 1970s for its principal commodities—rubber, palm oil, timber and tin. This wealth was supplemented by useful offshore reserves of oil and gas. During the late 1970s Malaysia looked like one of the world's success stories—a multi-racial third world society prospering under a commodity boom.

With a myopia characteristic of many other countries in a similar position—not only third world but also such developed commodity-rich nations as Australia — Malaysia assumed prosperity was infinite. It consequently overspent and overborrowed. By the mid-1980s it was trapped by unsustainable foreign debt and falling prices for its major commodities. Economic growth halved between 1984 and 1985 and has been in the doldrums ever since.

Equal terms

Dr Mahathir became Prime Minister in 1981 when the economy was still strong. In self-confident mood he took an aggressive stance internationally over issues which displeased him. On some matters he enhanced his reputation: he has, for example, been a persistently outspoken critic of apartheid in South Africa, as he pointedly reminded Mrs Thatcher and several of his predominantly business audiences in London.

On other issues he seemed less than statesmanlike. His response to the Thatcher Government's decision to raise tuition fees for overseas students earlier this decade was to promote a "Buy British Last" campaign and to drag Anglo-Malaysian relations to a low point over a dispute which might have been better handled by diplomatic discussions. As a result of last week's quiet improvement in relations, for example, the British Government has agreed to extend for three years a scheme to help minimise the effect of increased fees on Malaysian students.

Mrs Thatcher started to improve relations when she visited Malaysia in 1985 but doubts lingered about Malaysia's attitude towards British goods. Dr Mahathir's visit has finally made it clear that the campaign is dead and buried: Britain's goods will now compete on equal terms.

Welcome step

He has also been able to explain his Look East campaign with some conviction. It does not involve giving all contracts to Japan and Korea although Malaysia does want to learn about those countries' work ethic, management methods and business practices, he told the Confederation of British Industry.

Malaysia is looking worldwide for investment, as is right for a country trying to restore its economy; to underline the point Dr Mahathir is taking the same message to Budapest and Moscow this week.

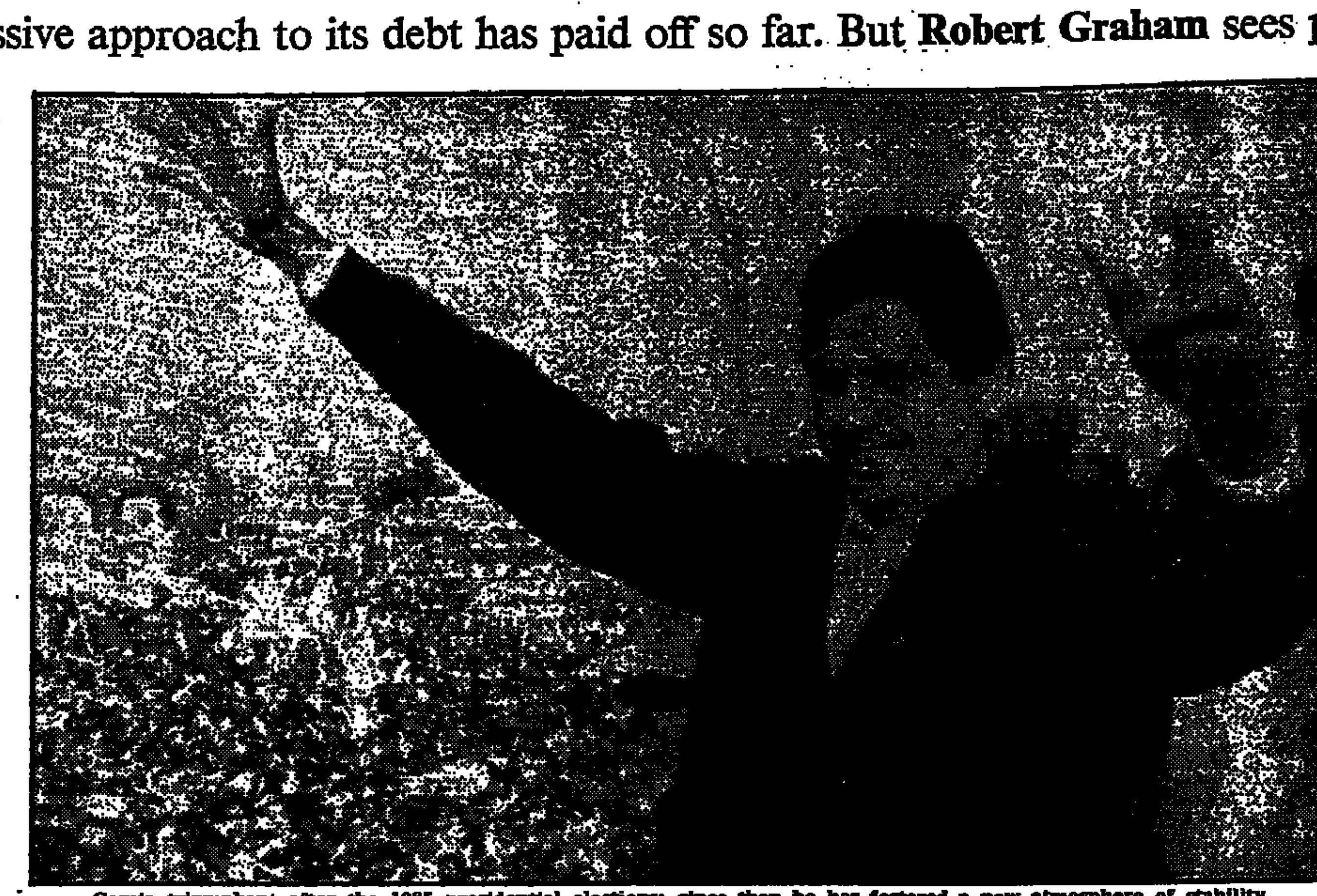
However, Malaysia's more realistic economic policies—abandoning the 1990 target date for 30 per cent Malay ownership of the corporate sector, introducing investment incentives for foreign companies and allowing those which export at least 50 per cent of their output to remain 100 per cent foreign owned—may not be enough.

Prospective investors in Malaysia have also to consider the potential of Malaysia in the light of a large external debt burden, private investment growth averaging less than 2 per cent annually in the last six years against a target of more than 10 per cent and the Government's continued enthusiasm for a rather dated industrial policy. The heavily subsidised "national" car project, the Proton Saga, and the ill-fated Malaysia Overseas Investment Corporation which collapsed with $70m of debts are but two notable examples of the expensive statist approach.

Yet the greater realism in Malaysia's economic policies, the more liberal approach to inward investment and the ending of the quarrel with the UK are all welcome steps in the right direction.

Peru's aggressive approach to its debt has paid off so far. But Robert Graham sees problems ahead

Tough guy plays it close to the edge



Garcia triumphant after the 1985 presidential elections: since then he has fostered a new atmosphere of stability

PERU HAS been the odd man out in the Latin American debt crisis. Under the influence of its fiercely nationalistic president, Mr Alan Garcia, Peru has gone further than any of its neighbours to confront the international financial community and challenge the austerity prescriptions of the International Monetary Fund (IMF).

So far, Peru's confrontationist stance has paid off. As President Garcia today completes his second year in office, he can claim to have turned Peru—at least temporarily—into Latin America's fastest growing economy. Growth last year was more than 8.5 per cent, up from 2.5 per cent in 1985, and this year the pace has only marginally slackened.

If it can be sustained, President Garcia will have demonstrated that countries like Peru can pull out of recession despite bucking the orthodoxy of the IMF. Even more controversially —and with potentially far-reaching consequences—he will have shown that refusing to repay debt is a more successful strategy than rescheduling on bankers' terms.

Despite having made no repayments on its international debt since a minimal offering to the commercial banks in May 1986—and despite a debt service ceiling of 10 per cent of export earnings—Peru has had no difficulty obtaining short-term commercial credit.

President Garcia's detractors, however, are worried that the bubble may be about to burst. They believe his high-growth strategy could end in the kind of economic chaos that characterised the final year of the populist Allende government in Chile in 1973.

The President is playing for high stakes and still appears to thrive on the challenge, dominating the political stage with his Messianic vision of a revived Peru. However, the existence of the fanatical Maoist geurrilla movement, Sendero Luminoso (shining path), underlines the dangers if the economic experiment goes wrong. President Garcia and his advisers are the first to admit that, now that the expectations of Peru's impoverished majority have been raised, the beneficiary of economic failure would be Sendero.

The central thrust of the President's policy has been that economic growth and prosperity is the most effective weapon against the encroachment of Sendero. Indeed, the Marxist-dominated left, which supported his candidature, could also capitalise if he fails.

"Before any judgment is made about the President and his policies, you must remember that this country is in a state of partial civil war," says Mr Gustavo Saberbein, Economy Minister.

In the past seven years, about 10,000 members of the security forces, civilians and Sendero activists have been killed in fighting that began in the southern Andean plateau, near Ayacucho, and now affects at least 21 provinces in the centre and south of the country. Lima has been under curfew for 15 months, the streets of this bustling over-populated capital of 4.5m eerily emptying well before midnight. Scarcely a day goes by without the media recording some terrorist incident —peasants taken off a bus and a government official killed in cold blood, police stations machine-gunned, power pylons blown up and explosives stolen from mining companies.

Centromin, the state mining concern has suffered $20m of damage in the past five years.

Sendero, which defines itself only in terms of the destruction of the existing state, is now turning its hand to political infiltration. Last May, President Garcia discovered to his surprise that the group had infiltrated the ranks of the police, on strike over pay and conditions.

With the military disgruntled and the police deeply corrupted by the so-called "cocaine barons," the President had to move quickly to establish his authority.

He has used to the fullest his youth (37 years old when elected and still the youngest Latin American leader), his commanding height of 6ft 4in, his sharp intellect and ability to communicate. These assets have enabled him to ride out difficult moments, paper over the defects of a government which lives by improvisation and avoid espousing a clear ideology, other than that of a radical nationalist.

His authority has conveyed a sense of stability rare in Peru. Even after two years his popularity goes far beyond his own Apra Party (Popular American Revolutionary Alliance).

In economic terms, President Garcia's strategy has been the relatively simple one of stimulating demand by increasing wages and rural incomes, controlling prices, manipulating the exchange rate and protecting local business. Greater public spending has not had a dramatic impact on the public sector deficit simply because large amounts have been saved in unpaid debt service—so far, the country has accumulated arrears of more than $4.5bn on its foreign debt. (In practice, Peru has been paying close to 20 per cent of export earnings in debt service—$490m against exports of $2.5bn last year—despite the 10 per cent ceiling.)

However since the beginning of the year, economic problems have been accumulating. Tax revenues have fallen, imports risen, eroding net reserves, and in June inflation reached 5 per cent on a monthly basis.

> President Garcia has gambled on a strategy of rapid economic growth to counter the threat from Maoist guerrillas

President Garcia's reaction to the downturn has been more political than economic. He sacked the Prime Minister, Mr Luis Alva Castro, who was primarily in charge of the economy—less to find a scapegoat for economic performance than to rid himself of a man whose ambitions for the presidency had caused friction in Cabinet.

The replacement, Mr Guillermo Larco Cox, a respected former mayor of Trujillo, was a sop to the conservative wing of Apra. The new Prime Minister has been making conciliatory gestures towards the opposition parties, business community and international banks, implying that President Garcia has been too antagonistic and undiplomatic. However, the President appears to be using Mr Larco Cox only as a soft front for his policies, which remain essentially the same.

Mr Saberbein was promoted to the Economy Ministry in the reshuffle, having been the chief debt negotiator and deputy minister; the principal economic adviser and guru to the president remains the Argentine leftist economist, Mr Daniel Carbonetto.

Meanwhile, the independence of the central bank has been compromised by the forced resignation of Mr Leonel Figueroa, the Governor, with effective control handed over to Mr Cesar Ferrari, the Director-General. He forms part of the President's kitchen economic Cabinet, dubbed the "bold ones." While remaining convinced of the wisdom of an economic strategy built on growth they, too, are ever wary of giving ground either to the opposition on the left or to Sendero.

Second thoughts over the wisdom of President Garcia's wage boosting strategy led to a major review of economic policy earlier this month. However, the experience of May's police strike and the recent threat of a general strike appear to have persuaded the Government to maintain its policy of allowing wages to rise 5 per cent a year above inflation. An emergency public works employment scheme is also being expanded to cover 120,000 people.

In an adjustment package, announced this month, petrol prices were raised 25 per cent—an easy source of revenue and the second resort to this instrument this year. The country's tiered exchange rate, which favours importers over exporters, was maintained, demonstrating that the Government is still failing to promote export-led growth.

It is confident that it can strike a deal with the business community to trade investment for privileges. Last year business made large profits because of higher demand and evasion of price controls. However, so far business has needed to invest little, merely absorbing capacity which was 50 per cent idle in 1985. New investment is far more problematic, amid fears of more rigidly enforced price controls and uncertainty over profits.

Despite the confident stance of the Government, prominent critics like Mr Manuel Moreira, who runs the Peruvian economic consultancy, Macroconsult are worried. "The growth model cannot be sustained in the present form," he argues, adding that he is concerned about the fiscal deficit rising beyond 12 per cent of gross domestic product, the 60 per cent import content of local industry, the artificiality of the exchange rates and the difficulty of controlling inflation. He also believes the administration's managerial resources are spread too thinly.

However, most people still give President Garcia the benefit of the doubt. Even critics like Mr Moreira concede that Peru has weathered the debt crisis more successfully than its neighbours—Brazil's Cruzado plan failed after only 10 months.

Whereas the Garcia plan was introduced after five years in which GDP fell by 20 per cent and wages by 50 per cent in real terms, the Cruzado plan was imposed on a booming economy. This meant Peru was able to make use of idle capacity and avoid inflationary scarcities. In addition, Peru's price controls were less rigid and more easily evaded, largely because the informal economy accounts for at least 20 per cent of economic activity and is underpinned by the annual flow of nearly $1bn in "coca-dollars." Finally, non-payment of debt provided a breathing space which the Cruzado plan lacked.

But as President Garcia enters the third year of his five-year term, few of these advantages are any longer apparent.

The President cannot afford to assume that sufficient domestic investment will be found to sustain his growth model. Thus, say his critics, he has been unwise in alienating institutions like the World Bank, from which Peru is withholding $55m in repayments on the grounds that it pays only those institutions which provide a positive cash flow.

This year Lima is due to pay $180m to the World Bank and to receive only $140m.

While the Bank has been sympathetic to Peru's plight and its efforts to generate economic recovery, it believes that confrontation at this level merely damages the country and compromises its development prospects.

Peru's difficulties with the World Bank are only one example of how its relations with the industrialised world are confused by dogmatic anti-imperialist rhetoric.

The development of two potential growth industries—agricultural exports and hydrocarbons—is being held up by the Government's nationalist stance. Laws which effectively prohibit foreign ownership of land are inhibiting the growth of agro-industry. In the case of hydrocarbons—Shell has made a big gas discovery in the southern jungle—Mr Garcia's acrimonious relationship with the international oil companies is delaying development.

The explanation is, as ever, the President's fear of being outflanked by the left. Any concession to foreign interests risks a loss of political support. But his colleagues also point out that he retains a strong anti-imperialist streak in his political philosophy—a fact which is likely to complicate his dealings both with the oil companies and the country's international creditors, and which will leave him little to fall back on if the bubble of his economic boom bursts.

Men and Matters

The price of persuasion

Nigel Lawson's strictures last week on the need to keep down public spending have clearly gone unheeded in, of all places, the Treasury. The Chancellor's press office is planning a whopping 13.3 per cent increase in its outlays on press and public relations this year, taking the total up from £534,600 to £605,900.

No doubt the rise—over three times more than is needed to keep pace with inflation—is essential to persuade the public of the need for spending restraints.

Inky stakes

The propaganda war between the two leading British down-market tabloid newspapers, Robert Maxwell's Daily Mirror, and Ruper Murdoch's Sun, is growing more intense.

Maxwell issued a press release last week to trumpet the fact that the Sun circulation had fallen below 4m for the first time since 1981, and that, naturally, Mirror sales were up.

Murdoch, who whipped the daily paper Today from under Maxwell's nose with a £38m bid last month quickly launched a counterattack.

The current issue of UK Press Gazette has a large Murdoch advertisement devoted to "The Maxwell Years."

The advertisement points out that when Maxwell bought the Daily Mirror on July 13, 1984, its average sale was 3,547,247—and that the plan was to put 1m on to the Mirror sales, and to put it back at number one place in the tabloids beauty contest.

But with average Mirror sales for June of 3,109,373, the Sun observes, Maxwell is further behind The Sun than he was when he started.

"The gap has increased by over a quarter of a million and now stands at over 860,000," the Sun says sweetly.

Thirty-love to Murdoch.

'Another wad of bills—if only we were worth being libelled'

Party damper

Norway's Opposition Christian Democrat party does not appear to have found a vote-winner in its proposal that all beer, wine and spirits sold in the country should carry a health warning similar to those already printed on cigarette and tobacco packets.

Tobacco and drinks advertising is already banned; and the Christian Democrats are urging this next step in their programme for the forthcoming local government elections.

But a spokesman for the Conservative party, the Christian Democrats' ally in the previous coalition, claimed such labelling was unnecessary. People should be able to enjoy a bottle of wine without having a warning "shoved in their faces," argued Conservative Tore Liltved.

Reaction from a major Norwegian brewery was predictably terse; the State wine and spirits monopoly stated primly that it merely followed the rules and did not make them. But it added plaintively: "Under present Norwegian law, wine and spirits come under the heading of food and drink. After all, it's not lye and ammonia we're selling in our bottles."

For the ruling Labour party, Ms Gunn Vigdis Olsen-Hansen, said the idea might be acceptable as part of an "overall alcohol policy package." But it should await discussion of the Labour Government's white paper on that issue. Wisely, the administration will not be publishing the white paper until after the elections.

A spoke in it

Amidst the acclaim in Dublin for Stephen Roche's victory in the Tour de France, there were irritated mutterings from Premier Charles Haughey down about British commentators referring to the cylist as the first from the British Isles to win the race.

Through Irish eyes (Scots and Welsh will sympathise) it was the old grouse of the English slyly seeking to claim a bit of Ireland's glory for themselves.

For travellers to Ireland anxious not to upset their hosts, here is a brief guide to sensitive vocabulary:

Avoid talking of the British Isles. "These Islands" is the neutral and most frequently used alternative. Reference to Britain as "the mainland" can also cause offence. It is safer to say "across the watter."

In Northern Ireland, things inevitably get more complicated. In the company of unionists, be careful not to talk of the province as if it was not part of the United Kingdom, as in "In Britain, we do such-and-such."

Use of the term Ulster as a synonym for Northern Ireland can upset nationalists because only six of the nine counties of the historic province of Ulster are included in the North.

Hardline nationalists will talk of the North as the Six Counties and the Republic as the 26 Counties to avoid dignifying partition. The term Free State, which officially dropped out of currency when the South became a Republic, is best avoided as it tends these days to be used only in a disparaging context.

Lastly, Eire, Gaelic for Ireland, is hardly ever used by anybody except unionists who do not want their Irishness to be confused with allegiance to Dublin, as in their opposition to what they sometimes call the "Anglo-Eire Agreement."

And how can you tell unionists from nationalists without forewarning? Alas, that is beyond explanation in this small space.

Book case

Complaining that companies in Taiwan and Hong Kong routinely ignore copyrights, and counterfeit everything from computers to blue jeans, Gerald Greenwald, chairman of Chrysler Motors, told the Automotive News Congress in Detroit yesterday that his boss, the redoubtable Lee Iacocca, chairman of Chrysler Corporation, recently was sent a bootleg copy of his own best selling autobiographical book from China.

"And just to add insult to injury they asked him to autograph it and to send it back," said Greenwald.

Wet tendency

Heard in a House of Commons bar: "He's a sort of workaholic. Mention work and he needs a drink."

Observer

Letters to the Editor

Clarifying the commercial view of overseas aid

From Mr G. Clark

Sir,—Following the recent exchange of letters in your paper (July 18, 23, 24) regarding the degree of commercialism in British aid, it is apparent that there is a clear difference in view as to what role developmental and commercial criteria ought to play in overseas aid allocations. This difference of view is likely never to be resolved.

However, I would like to take issue with one of the underlying assumptions that Mr Kimber (July 23) makes in his letter, which is that industry as a whole is benefiting from UK aid and that, consequently, the UK economy benefits from each aid supported contract. Firstly, it is chiefly the capital goods sector (which accounted for 32 per cent of UK visible exports in 1985), and within this sector, the mechanical and electrical engineering manufacturers, that benefit from UK aid orders. So to suggest that UK aid benefits all industry is a misnomer.

Secondly, the provision of any form of export subsidy, which includes both aid and subsidised export credit loans (in the case of mixed credits), is a cost to the Exchequer paid for out of taxation on individuals and companies. Those companies that are reaping the rewards from aid orders must accept that other parts of the economy are subsidising their "success." It cannot be assumed that the success of one company in securing an export contract will, necessarily, have a positive beneficial impact on the UK economy as a whole.

I would also like to briefly turn to the complaints regarding the Aid and Trade Provision (ATP), on which I have done considerable research over the past few years. It is evident that procedures for appraising the developmental impact of ATP projects have been tightened up over the past few years and that cases such as the "Zambian buses" would not, all things being equal, occur today. This must be an argument for ensuring that current procedures are maintained.

However, there are presently some pressures from certain quarters, notably the Minister of Trade and others in industry (Mr Hornsby's letter, July 23), to pass the reins of the ATP scheme from the Overseas Development Administration (ODA) to the DTI. This would inevitably lead to a further relegation of the developmental case for ATP aid. If the aid budget was then increased by the equivalent amount in addition to the planned increases, then the proposal may not be objectionable in theory from the developmental viewpoint.

However, in practice, this would be a backward step. At present, all Development Assistance Committee (of the OECD) members have agreed to tighten the rules governing the use of mixed credits. In 1983, the DAC Guiding Principles for the use of aid in association with export credits stated that members should undertake to "confine associated financing (mixed credits) to priority projects and programmes which are carefully appraised against the developmental standards and criteria applicable to overseas development assistance programmes."

More recently, under considerable pressure from the US and UK governments, members agreed to increase the aid proportion in a mixed credit (from 25 per cent to 30 per cent in July 1987, and to 35 per cent in July 1988) acceptable under OECD rules, to increase the stakes in this kind of soft finance and to further distance the pursuance of aid and trade objectives in member states. At a time when such agreements are being ratified, it would be highly hypocritical of the UK to now shift the responsibility of the ATP from the ODA to the DTI, and dilute, rather than improve, the developmental case of such aid. It is not, after all, that the UK is falling behind in this form of export finance. In 1983-84, the UK was the second highest user at 14 per cent of all DAC commitments, only behind the master of the game, France at 50 per cent.

An often heard complaint of industry is that UK companies must be allowed to compete on equal terms to our international competitors. This was the original justification for the ATP. If, however, this is the real desire of industry, then they should support the initiatives of the DAC and must accept that some orders may be lost in the short term, but the prospects in the longer term are for more commercially funded projects, which they would apparently applaud. The beggar-thy-neighbour policy of continually increasing the ATP budget and diluting its developmental priorities will only lead to a resurgence of the credit race (in this case in mixed credits) of the mid-to-late 1970s, out of whose ashes rose the ATP, and will be at an ever increasing cost to the UK taxpayer and the poorer developing countries.

Graham Clark.
*Centre for Development Studies,
University College of Swansea,
Singleton Park,
Swansea.*

Freedom to choose VAT

From the MEP for Cumbria and Lancashire North

Sir,—In his article of July 22, Lord Cockfield rightly describes how important it is for the prosperity of the EC that we should move towards an area without internal frontiers by 1992.

However, the suggestions by the Commission to limit national powers of deciding the way VAT should be levied which is of fundamental importance will cause deep resentment in many Member States including the United Kingdom and it is highly unlikely to meet with approval.

In his article Lord Cockfield does not say that in the USA states levy taxes at different rates according to their needs, although he does say that the United States is a shining example of a single economic area.

The article also does not refer to the fact that the Commissioners themselves set up a Committee of senior economists to look at Community problems under the chairmanship of Tommaso Padoa - Schioppa, Deputy Director-General of the Bank of Italy and a former top Eurocrat.

Whilst one may not agree with all of the Committee's recommendations, some note should be taken of the fact that this Committee says that Member governments should be as free as possible to set their own rates of indirect taxation and that progress towards the internal market could be greatly assisted by better use of computers.

In the unlikely event that Lord Cockfield's proposals are acceptable to Member governments, there would be major price changes on many products and national governments would lose their opportunity to settle prices on petrol, cigarettes, alcohol and other politically sensitive and socially important products.

Sheila Faith,
*The Square,
Milnthorpe, Cumbria*

Common sense pension scheme

From Mr D. T. Hall.

Sir,—Mr Malone (July 21) suggests that the Government should drop the proposals contained in this year's second Finance Bill in order to avoid the impediment to job mobility that will be brought by increasing from ten to 20 years the period over which full pension accrual is permitted.

The problem is that Mr Malone is a pension consultant well endowed with common sense whereas it becomes increasingly obvious that these politicians now intimately involved with the future of occupational pensions are either lacking in grey matter or do not have the welfare of the occupational schemes movement at heart.

The Government believes in freedom of choice and this is in many ways a good thing. Is there really any need to continue the operation of benefit limits at all, provided that some machinery exists to regulate contribution levels in such a way as to avoid tax abuses? I would submit that there is not, so that employers and employees would then have freedom not only to choose the type of pension they want but also the amount of that pension, without constraint.

At a stroke, all the complications would disappear. Would that the fantasies of a simple mind like mine could become reality!

D. T. Hall, Chief Executive Marketing.
Stewart Wrightson Benefit Consultancy, Kingston Bridge House, Kingston-upon-Thames.

Learning the Japanese lesson

From Dr R. S. Hancock

Sir,—Mr R. Dore's letter (June 27) about the lack of interest in acquiring knowledge about Japan from both graduates and British manufacturing firms is a sad but accurate comment on the insular and short-sighted nature of both British students and industry. Unfortunately, it also reflects my own experience in trying to find a well-paid job in a British company in the UK.

I have a science PhD and work in Japan for a world-leading Japanese telecommunications measuring instruments manufacturer, specialising in optics. To do this work effectively, I had to become fluent in both written and spoken Japanese as well as learn to understand how Japanese business is conducted and how to interact socially with my Japanese friends and colleagues. It has been an enjoyable experience, but time-consuming when combined with the seven years I spent at university. I have now reached the grand old age of 36 — which the few adventurous British companies that are interested in Japan either consider too old or too expensive to employ (current salary equivalent to £40,000). At the same time, I read in the newspapers that both Margaret Thatcher and Prince Charles are exhorting British manufacturers to get more involved with Japanese work practices and joint ventures to help solve unemployment and rebuild British industry. Prince Charles, during his visit here last year, also emphasised the value of further cultural exchanges.

While congratulating Ronald Dore for his work in promoting Anglo-Japanese relationships, if my experiences at job-hunting in the UK are normal, I cannot blame one of his promising candidates for choosing a fellowship and PhD at Berkeley. Until British industry accepts that acquiring the necessary expertise about Japan takes time, and that such employees cost money, the City bond dealers and investment analysts will continue to be most attractive to those of us who have invested many years and a lot of our money studying Japan, her people and business.

One reason why Japan is so successful in world trade is that Japanese businessmen, scientists, bankers, and other people, realised long ago that accurate information about competitor countries is power; and invest heavily to obtain it. Britons still have to learn that lesson.

Meanwhile, I'm still looking for a job in the UK but it may be in the City.

Robert S. Hancock.
*202 Sato Mansion,
Kyodo 5-23-13,
Setagaya-ku,
Tokyo 156.*

Need for underwater co-operation

From Prof D. Cameron Watt.

Sir,—I was privileged recently to be invited to the one day Brazil Offshore 1987 Conference organised by The Brazilian Chamber of Commerce in Great Britain in conjunction with the Department of Trade and Industry at which members of the British trade and underwater technology mission for Brazil were addressed by representatives of Petrobras and others on the subject of possible co-operation in the development of Brazil's offshore oil fields.

I could not help but be struck by the absence from the delegation of any expertise in the field of advanced technological education or research. It would seem that there is both a failure of imagination and of communication between the worlds of business enterprise, the DTI and the specialist schools of advanced education and research (much of which is financed by DTI and Department of Energy funds).

There is a strong case for arguing that the training of overseas experts who are likely to play a significant part in their own country's industrial and technological development ought to rebound to the future benefit of British industry in their own fields. If this is so, it is surely clear that some way must be found of including an advanced education and training component in any package deals of the joint venture kind required by the development of marine and ocean resources, and that there should be serious consultation under the DTI's auspices to secure (1) the matching of the specialised educational facilities available to the possible needs of this new market, (2) proper knowledge by Britain's trade, industrial and technological representatives overseas of what is on offer, (3) the development of some machinery by which the appropriate management levels in British industry can discover what is available and some sensible degree of interaction produced to break down the barriers to effective co-operation on both sides.

I am sure there would be a degree of adaptability in response to a fairly marginal increase in funding which would not only be of all round benefit, but which is absolutely essential if the "UK Ltd" approach, so often advocated, is to become a reality.

D. Cameron Watt,
*London School of Economics,
Houghton Street, WC2.*

High tech— low profile

From Mr W. J. D. Tollett

Sir,—How much I agree with your comments on the management of science and the need for improvements to the flow of information from universities to industry. The work necessary to bring about this improvement is indeed less glamorous than association with large projects at the frontiers of science. It is by its nature very low profile. It is confidential, long term, and difficult.

Our organisation, the R&D Clearing House, was established in 1986 to help its member companies with technology transfer. It works in the chemical industry on behalf of its subscribing members who range from the largest of chemical companies to the smallest. It has the support of the Department of Trade and Industry, the National Economic Development Office and the Chemical Industries Association.

It is getting on with the job quietly and effectively. As the man who runs the organisation I smile whenever I read of a new high powered initiative by the good and the great to improve the science base of the country. The need is not for more advice or more exhortation. It is for more quiet, patient, confidential work between academics and industrial research workers.

W. J. D. Tollett,
*The R & D Clearing House,
4 Sidney Square, EC1.*

Press unions negotiations

From Mr A. T. U. Park

Sir,—I would like to correct two points in the article "High technology marches on in the press" (July 20).

The 100th agreement, at the Southport Visiter, has not "slipped quietly into place". On the contrary, it was achieved after a 10 week dispute between the company and the NUJ, with the latter taking strike action. Futhermore, although the NUJ and the NGA may have agreed nationally a "Joint Accord", which, among other objectives which have not been realised, sought to achieve joint negotiations with employers on new technology, Southport refused to acknowledge that Accord, never once held joint negotiations and, because of their determination, achieved operating arrangements that were relevant to their own circumstances. The NGA in fact had reached agreement with the company, separately, some weeks before

Many employers in the regional press have refused to accept "joint negotiations", except for discussions with both unions about the arrangement for a limited number of NGA members to transfer, if suitable, and after appropriate training, into editorial (principally sub-editing) posts.

A. T. U. Park,
*The Newspaper Society,
Bloomsbury House,
74-77 Great Russell Street, WC1.*

Persuasion for Malaysian investors

From Isabel Alvarez

Sir,—With regard to your piece (July 23) about the Malaysian Prime Minister and his desire for more British investment.

If "Buy British last" is at an end, and British investment would be welcome, might I suggest that the restoration of double taxation relief would be a persuasive step in this direction? The present 40 per cent Malaysian tax at source, followed by the standard UK tax on what is left of any dividend is not attractive to possible investors.

Isabel Alvarez,
*6, Abbey Court,
Abbey Road, NW8.*

FOREIGN AFFAIRS

A tale in search of a moral

Edward Mortimer points out the dangers of the UN taking sides in the Iran-Iraq war

EARLY ON in the Iran-Iraq war, Dr Henry Kissinger remarked that it was a pity both sides could not lose.

He was referring, of course, to the regimes on both sides rather than the peoples. The people on either side—he would no doubt have argued—could expect to benefit from their government's defeat, leading presumably to its overthrow.

Instead the opposite has happened. Nearly seven years later both regimes are still in power. To the sufferings imposed on both peoples by their Governments have been added those, far more widespread and devastating, of a seemingly endless war.

It is a war which most people in the West find it easy to ignore. When they do think about it, they tend to comfort themselves with the following thoughts:

- It is not their fault.
- There is nothing they can do about it.
- It is a long way away.
- It doesn't seem to have much effect on the oil price.

Two events last week conspired to dent, for a moment, this wall of self-righteous complacency. In New York, the United Nations Security Council unanimously called for the war to end, and managed to sound as if it meant what it said. In the Gulf, two Kuwaiti tankers hoisted the stars and stripes and sailed through the war zone under the protection of three highly visible US warships.

Whether those two events point in the same direction or in opposite ones is a highly contentious point. What is undeniable is that both have served to remind people in the West that this war concerns them too. As members of the UN they have a responsibility to restore and maintain peace throughout the world; and as citizens or allies of the US, they risk being drawn into direct confrontation with at least one of the belligerents.

Even as oil consumers they risk paying more if the conflict escalates in the Gulf—as the market remembered with a jerk. And if it should develop into a confrontation between the superpowers, all of us, East and West, could be even more drastically affected.

So Western public opinion has sat up and momentarily taken notice. This may not last because even conscientious and politically aware citizens of Western countries still find it difficult to know what to think.

Should one regard the war as completely meaningless: a simple paradigm of human folly, a nursery scrap whose rights and wrongs the intervening parent can and must ignore? Or should one designate a culprit to be clobbered and an injured party whose rights must be upheld?

The UN charter, under which some action to end the war is now being attempted (or at least contemplated), tends to favour the latter approach. It was drafted with the failures of the 1930s in mind, when a series of more or less flagrant aggressions went unpunished until the raging appetite of the aggressors could be resisted only through world war.

The assumption was that the great powers which had fought Hitler would not want to repeat the experience, and would easily agree to nip any new Hitlers in the bud. But in practice they have been more prone to suspect each other of incipient Hitlerism than to agree on diagnosing it in a third party; and so the UN, when it has been able to intervene in international conflicts at all, has found itself trying to hold the ring between conflicting rights rather than upholding right against wrong.

In the case of the Iran-Iraq war, Iran sees itself as the victim of aggression—and no impartial student of the origins of the war seriously disagrees. Tehran has therefor argued consistently that, to be true to its own principles, the UN should not put aggressor and victim on an equal footing but should intervene to punish the aggressor and protect the victim. Iran's very able representative at the UN, Dr Said Rajaie-Khorasani, likes to point out that during the Second World War, the United Nations—as the anti-Hitler coalition already styled itself—insisted on the unconditional surrender of Germany and Japan. The grounds were that world peace would not be safe so long as the regimes that had started the war remained in being.

That, he says, is exactly how Iranians view President Saddam Hussein of Iraq: a bloodthirsty dictator whose fanatical Arab nationalism and expansionist ambitions, not to mention his use of chemical weapons, render him a permanent danger to his neighbours. He and his Baath party should be extirpated in the interests of world peace just as the Nazi party had to be.

Again, impartial observers might quibble about the degree of that characterisation. They may argue, for instance, that Iraq is not such a large and powerful state, and therefore not so dangerous as Germany was; or that, for all his ruthlessness, Mr Saddam has not organised the systematic annihilation of millions of human beings selected on the basis of ethnic origin. But they would hardly dispute the general thrust of it.

The strongest defence against Iran's accusations would be a *tu quoque* argument. If Iraq is a ruthless dictatorship internally and a menace internationally, is not Iran even more so? The torture and execution of political and religious dissidents, the sponsorship of terrorism in Europe and of hostage-taking in Lebanon — all these surely disqualify Iran from equating itself with the alliance against Nazism and fascism in the Second World War? Perhaps, but are they so different from activities undertaken by a leading member of that alliance, Stalin's Russia?

Anyway, Iran rejects the idea of impartial mediation and demands that the UN take sides. The UN has been gradually pushed into doing so but, ironically, is doing so against Iran. Having failed to intervene against the side that started the war, it is now moving towards intervention against the side that refuses to stop it. Whether it can do so effectively remains uncertain.

The only form of intervention so far envisaged is an arms embargo, and the record so far gives us every reason to doubt both the will and ability of the great powers to impose one. Iran gets most of its weapons by indirect, back-door routes and from middle-sized states (North Korea, Israel, Vietnam) which are proven experts at resisting pressure from their great-power patrons.

Moreover, Iran is fighting a low-tech war. Iran depends much less on expensive and sophisticated weaponry than does Iraq, and much more on human resources, especially the political and religious motivation of its people. The sad fact is that this motivation could be strengthened by the visible ganging up of the great powers and other governments against Iran in the UN.

The argument of Iran's leaders—like that of French and Russian revolutionary leaders in the past—is that their revolution has struck a blow for all the deprived peoples of the earth. Therefore, so the argument goes, it naturally inspires fear and hostility among the corrupt powers (including virtually all regimes now in power in other countries) that benefit from the existing, unjust world order.

Iraq, by its grossly miscalculated invasion of Iran in 1980, made that view of the world seem much more credible to many Moslems inside and outside Iran. There is some danger that the UN may be about to repeat that mistake. Neither the French nor the Russian example suggests that coalitions of external powers, aimed at containing or suppressing a victorious revolution, can expect an easy time of it.

If the UN is to have any hope of intervening effectively, it must somehow convince the Iranians that it is doing so belatedly on their side, rather than treating them as an international nuisance to be stamped out.

FINANCIAL TIMES
Tuesday July 28 1987

Stewart Fleming assesses the likely impact of Edwin Meese's testimony to the Iran/Contra hearings

Judgment day for the Attorney-General

"IS MEESE corrupt, incompetent or under attack by political foes?" ran the headline over a profile in the New York Times earlier this month of Attorney-General Edwin Meese, the Reagan Administration's top legal officer.

It is a question which will not be far from the minds of the members of the Congressional committees investigating the Iran /Contra affair when they assemble today to hear how Mr Meese answers questions about the role he played in the scandal.

For how Mr Meese comports himself could help to deepen or dispel the suspicion that White House officials wittingly sought to cover up the allegedly illegal and politically damaging details of the affair after it erupted November.

Mr Meese's answers will also have an impact on his own-standing. His ethics have once again come under public scrutiny, prompting reports that some White House officials believe he ought to resign. They fear the continuing investigations of his private financial dealings are damaging both the President and the Republican Party, even if he is cleared of allegations of misconduct.

Along with Defence Secretary Caspar Weinberger, Mr Meese is the last of the California conservatives who accompanied Mr Reagan to Washington after he won the presidency in 1980 to still hold high office.

Soon after his arrival, press reports on the heavy-jowled, affable but zealous presidential counsellor were describing him as the Administration's "prime minister" or "deputy president".

Mr Meese, who between 1969 and 1975 was chief of staff to the then Governor of California, Ronald Reagan, enjoyed both the new President's trust and, as one of the top three presidential advisers in the White House, ready access to the Oval Office.

Over time, and to the dismay of the President's conservative supporters, Mr Meese's influence waned. The appointment in 1984 of a special counsel to investigate his financial dealings and whether he had helped to arrange federal jobs for people who had helped him financially also weakened him politically, even although he was cleared of any wrongdoing.

In 1985 Mr Meese, who had been nominated by Mr Reagan as Attorney-General, was confirmed by the Senate but only after his critics, led by Senator Joseph Biden, had fought a fierce rearguard action to try and block the appointment.

As Attorney-General, Mr Meese has proved to be the aggressive and energetic advocate of conservative social causes which his political enemies expected, turning himself in the process into what one of his colleagues described recently as "the voodoo doll of this Administration. Everyone is trying to put the pin in."

Under his leadership, the Justice Department has been more energetic in its efforts to limit the scope of civil laws to protect broad groups such as blacks and women from discrimination, to challenge the legality of abortion and to restrict the rights of criminals by, for example, easing rules governing the legality of evidence police can

Edwin Meese: ethics under public scrutiny again

present in court.

Mr Meese has had limited success in the courts in achieving his goals, not least because the Supreme Court has rejected the legal arguments he supports on a number of issues, notably his interpretation of the civil rights laws.

On the other hand, his critics agree that he has helped to shift the centre of gravity on the public debate on many of these issues. They fear, too, that if Justice Robert Bork, Mr Reagan's conservative nominee for the vacant slot on the Supreme Court, is appointed, then one of the biggest barriers to the conservative social agenda will fall.

Mr Meese is seen as one of Justice Bork's strongest supporters but is perceived to be trying to keep his distance from the Bork nomination for fear that his own political difficulties will damage Judge Bork's confirmation prospects.

As Mr Meese takes the witness chair today, he has many political enemies on Capitol Hill. They will be hoping his political credibility, and with it the credibility of the conservative causes he is associated with, will be damaged by his testimony.

His position is already weak. A staunch advocate of "law and order" and a man who as a deputy district attorney in Alameda County, California, used to relax in the evenings by listening to the police band radio, Mr Meese is once again facing allegations that he violated ethics laws and federal conflict-of-interest regulations by investing $60,000 with a financial consultant tied to Wedtech, a New York arms manufacturing company which he allegedly helped to secure government contracts.

But when he is questioned by the Iran/Contra committees today, their focus will not be on the investigations a special counsel is conducting of Mr Meese's links to Wedtech but on what Mr Meese knew about the arms sales to Iran and the diversion of the profits to the Contra rebels in Nicaragua. In particular, he will be questioned about what he knew of some of the transactions and when he knew it.

The questions are critical for it was to Mr Meese, his old friend and the Attorney-General, that President Reagan turned in late November of last year to conduct an initial internal probe of the affair.

Mr Meese's critics charge that that probe was so sloppily conducted by his political aides that it looked more like part of a cover-up than an investigation. If it could be demonstrated that Mr Meese had an intimate knowledge of the covert operations earlier in the year, then the charge of cover-up would be more credible.

Col Oliver North, for example, suggested that Mr Meese was one of the top officials who knew more about the Iran/contra dealings than he has admitted. He also alleged that Justice Department investigators were in his office last November conducting the investigation at the same time as he was busy shredding sensitive documents.

As he answers the committee's questions today, Mr Meese knows that in the background Mr Laurence Walsh, the special counsel, is conducting a criminal investigation of the affair and has already identified Col North and, two weeks ago, former National Security Adviser Admiral John Poindexter as targets of that inquiry.

Mr Meese also knows that by the time he leaves office the Reagan Administration will have appointed more than half the 700 or so federal judges in the land. So, whatever happens to his own political career, he can be confident that when he and President Reagan leave office they will leave behind a retinue of conservative judges who will help to keep the Reagan legacy alive.

THE LEX COLUMN

Two bites at the cherry

Hogg Robinson's success in pushing through its demerger proposals may have beaten off TSB for the time being, but the chief effect looks to be the staking out of two companies on the hillside rather than one. Which predators happen along could depend on the Takeover Panel, apparently under pressure to state whether TSB may bid again for the parts it wanted in the first place.

Though an early ruling seems likely, it is quite unclear which way it will go, or indeed whether an invoking of the 12-month rule would also hold good for a renewed attempt on the broking part of the business from Mr Holmes a Court. Either way, TSB's handling of the opening round has been clumsy, with its insistence that Hogg Robinson shareholders should turn down a demerger which TSB seeks to effect anyway.

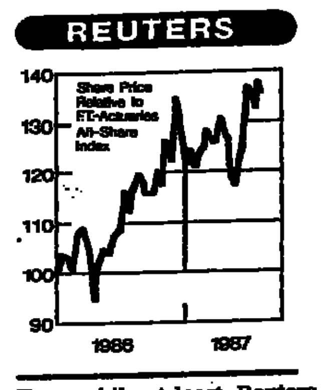
The market makers, meanwhile, should have a lively time of it today in establishing prices for the two demerged parts of the business. Yesterday's closing price of 620p - down 13p - was already giving an implicit value to the two together. The new Hogg Robinson - that is, the travel and estate agency business - certainly deserves a higher rating than the insurance side, Hogg Robinson & Gardner Mountain, and should be worth something over half the 620p total.

Even if TSB and Mr Holmes a Court are warned off, it need not have a lasting effect on the price; the travel business must be attractive to any number of parties, and even as ropy a broking business as HRGM should find a buyer.

Reuters

Impressive as it has been, Reuters' recent share price performance, relative to the market, has only reflected the group's faster-than-average rate of earnings growth. The mere fact that a 30 per cent per annum compound growth rate has been achieved has not convinced the City that some extra relative value should be placed on future earnings. And yesterday's interim results, showing a more than 40 per cent increase in earnings per share, was worth only 9p on the shares, which closed at 877p. That was despite a general raising of forecasts for full year pre-tax profits by £10m to £175m.

REUTERS



For a while at least, Reuters ought to be able to sustain its rapid expansion not only through building market share in Japan and North America, where it is still small, and the continuing financial deregulation in Europe, but also from the success of its new products. A rise in selling and marketing expenses in the half year of nearly 75 per cent is thus not too much of a worry. Further ahead, advances in technology - such as replacing old-fashioned telephone line transmission with satellites - should keep business booming. And then there are all those back offices desperately in need of a touch more technology which Reuters could no doubt develop.

Unsettled

There is one simple way in which the back office problems could be solved. If investors were so worried about the dangers of their certificates being buried that they stayed out of the market, then it would at least give the back offices a breather in which to sort out the accumulated messes of post Big-Bang trading. It is not such a far fetched idea: yesterday's continued slide in stock prices was on the back of notably thin volume.

This hesitancy was not just the outward and visible manifestation of fears about settlement but also a pause for breath before the anticipated melee this morning as a large proportion of the more than two million BAA shareholders attempt to realise all the instant profits that an allocation of 100 shares can muster. They might not find it easy. Only seven firms are prepared to make a market in the BAA shares, and three of those are obliged to be making a price because they are involved in the issue. Notable absentees from the lists include Smith New Court. Whether those keeping their heads below the parapets are doing so because they are in severe difficulties, or because they fear that they would be if they did offer a price is impossible to divine.

Most of those who will make a market will do so only for existing clients, which prompts the question: what price the share-owning democracy if it discriminates against the new private investor it purports to encourage? The Government will want to address this question before October, when it intends to sell almost £8bn worth of BP shares to the public. When the Government is the biggest vendor in the market it has the biggest interest in keeping that market afloat.

GEC

For GEC to pay $250m for a decidedly mid-tech petrol pump maker - sold eight months ago to its own management for $90m less - is hardly enough to satisfy the expectations stimulated by the re-raters. Nevertheless the City grudgingly accepted it as another small step in the right direction and left the price steady in a falling market. There is, after all, no good reason why one very large deal should be any better than several smaller "add-ons" inspired by the new strategic thinking from the divisions. And shifting attention from the UK to specialist global markets also makes sense.

But even if Gilbarco marks only the mid-point through a stream of similar deals is it enough to roll back the dominance of ex-growth businesses? The prospective return on capital at Gilbarco, of about 13 per cent, is certainly above the 9.7 per cent return on cash and investments indicated by the latest GEC accounts (although rather below the 42 per cent return on operating assets). And once some of GEC's UK technology and management is combined with Gilbarco's world market share, returns should pick up. The price - a prospective p/e of 13 - is also hardly onerous and underlines last year's give-away price to the management. But none of this will be enough to stop GEC returning for Plessey if BA was to be allowed to swallow BCal.

Burden of handling BAA shares eased

BY CLIVE WOLMAN IN LONDON

THE LONDON Stock Exchange announced measures yesterday to ease the burden of paperwork on securities firms, which is approaching crisis proportions, as they handle the first day of dealings today in the shares of the newly privatised British Airports Authority.

Dealings in BAA shares in the informal grey market continued yesterday at prices of between 140p and 145p compared with the fixed offer price of only 100p. All those 2.15m small investors who applied for 1,000 shares or less should receive letters of allotment this morning for 100 shares. This should allow them to make an instant profit of £40 ($64) minus brokerage charges of £15 to £20, if they sell immediately.

The Stock Exchange fears the consequences of these investors rushing to sell their holdings within the next few days. The back offices of the securities firms will have to devote all their resources to matching buyers and sellers and exchanging allotment letters for cash within the 24-hour Stock Exchange deadline. As a result, the backlog of transactions in other shares which have not yet been settled will grow steadily worse.

The value of unsettled share transactions which have failed to meet the Stock Exchange deadline by more than two weeks is now running at well over £1bn. Some of those bargains date back to the early months of the year and six were transacted in 1980 and 1981. The most serious risk is that a securities firm will become insolvent and unable to pay for shares already bought. The Exchange is due to announce within the next few weeks tough new rules requiring firms with a large volume of unsettled bargains to increase their capital or make a deposit when there are adverse share price movements.

For the BAA privatisation, the Exchange is forbidding for the first time any securities firm from handing over more than 100 allotment letters (representing 100 bargains) to any other single firm. Instead, the firm must hand the letters over to a consolidation service which will issue a certificate for every 100 allotment letters handed in.

This facility was first introduced for the British Gas privatisation and was also used in the British Airways and Rolls-Royce privatisations.

Telecom row puts pressure on Tokyo

By David Thomas in London and Bob King in Tokyo

PRESSURE ON the Japanese Government to resolve a long-running wrangle about access to its international telecommunications market is likely to intensify after the failure of a last-ditch attempt at a compromise solution in Tokyo yesterday.

The compromise was put forward by a consortium, International Digital Communications (IDC), in which Cable and Wireless, the UK telecommunications group, has been playing a leading role.

The consortium has been seeking permission to lay a new trans-Pacific fibre optic cable as part of its bid to start a new international telecommunications service in Japan.

However, Japan's Ministry of Posts and Telecommunications, which doubts the need for the cable, has been trying to persuade the Cable and Wireless consortium to merge with an all-Japanese rival, International Telecoms Japan (ITJ), which wants to set up a service using leased circuits.

The UK and US Governments have protested to Japan about the merger suggestion, because they see it as an attempt to dilute the interests of foreign companies in the outcome. Pacific Telesis, the US west coast telephone operating company, is a member of the Cable and Wireless consortium.

Under the new IDC proposal, the two consortia would merge in order to run a new international network in Japan. A separate company would be set up to build and run the cable, in which members of the two consortia could choose to invest either individually or collectively.

The eight biggest participants in both consortia would hold 72 per cent of the merged group, with Cable and Wireless and three others holding 10 per cent each.

Mr Jonathan Solomon, a Cable and Wireless director, said after the meeting that the proposal was intended to reconcile the position of the US and UK Governments and of supporters of the IDC bid in Japan, with that of the ITJ and the Ministry of Posts and Telecommunications.

However, the rival consortium was sceptical of the new proposal, arguing in particular that no individual company could hold more than 7 per cent of a merged group. Mr Yoshio Taniguchi, vice-president of Mitsubishi, speaking for ITJ, said: "It is not sure if the IDC proposals are a plus or a minus."

Although the two consortia may hold further talks about the proposal before the end of the month, there is little hope that these will result in agreement.

The Cable and Wireless consortium is likely to press for an early decision by the Japanese Government to give licences to both consortia if the talks break down. It might then seek renewed intervention by the UK and US governments if Japan does not decide the matter quickly.

Japan calls for new ways to channel aid

BY WILLIAM DULLFORCE IN GENEVA

JAPAN proposed yesterday that an independent group be established to find better mechanisms for channelling financial resources to developing countries.

Mr Tadashi Kuranari, Foreign Minister, tabled the idea when outlining to the 150-nation UN Conference on Trade and Development (Unctad) his country's plans to recycle $30bn of its payments surpluses over three years.

Mr Tomohiko Kobayashe, the Minister's economic adviser, said there was a need for a group that could "think freely" about resource flows and ways of stimulating growth in indebted countries.

Finance minsters meeting in the joint development committee of the International Monetary Fund and World Bank were inhibited by political and other constraints, he added.

The Japanese Foreign Minister also mooted a new approach to countries whose development depends on exports of commodities.

Instead of trying to stabilise commodity prices through international agreements, a "round-table" organisation should be set up to study each country individually and advise on how it could diversify its products, Mr Kuranari suggested.

In the same forum, Mr Michel Camdessus, managing director of the IMF, urged governments of wealthy countries to answer his appeal for a tripling over the next three years of the resources available to the fund's Structural Adjustment Facility (SAF). The $3bn currently in the facility was derisory in comparison with the needs of the 60 poorest nations who would be eligible for its assistance, Mr Camdessus said.

He also called on the seven big industrial nations to implement the lowering of interest rates on government-to-government debt rescheduled through the Paris Club, which they had undertaken at the Venice summit to "consider."

Mr Camdessus vigorously defended the IMF against charges that the adjustment programmes it imposes on debtor countries were inimical to their economic growth.

The efficiency with which resources were used mattered as much, if not more, than the amount of resources. Growth was not compatible with complacency in the fund over the management of the conditions linked to its assistance, Mr Camdessus said.

Japan and the IMF tabled their proposals as the Unctad conference entered its third week with north and south divided over all four items on its agenda. These are: improving resources for development, commodity markets, international trade and the difficulties of the least-developed countries.

Dissension centres on the big industrial nations' reluctance to go beyond the commitments on debt and development outlined in the Venice summit communique and at the ministerial meeting of the Organisation for Economic Co-operation and Development in Paris in May.

Background, Page 4; Commodities, Page 30

GEC agrees bid for Gilbarco

BY TERRY DODSWORTH, INDUSTRIAL EDITOR, IN LONDON

GENERAL ELECTRIC, the UK electrical and electronics group, has agreed a $250m takeover of Gilbarco, the leading US company in the petrol station products industry.

The cash bid, which comes only a few days after General Electric withdrew from the takeover contest for the avionics sector of Lear Siegler of the US, is aimed at consolidating its position in this industry worldwide.

Through Gilbarco, the company is expected to command about 40 per cent of the US market, and with the addition of Avery Hardoll and PM Services in the UK, it will hold about 50 per cent of the British market.

The combined group will also have significant activities in Australia, Brazil, Canada, West Germany and New Zealand.

In London, which has been rife with speculation about possible GEC transactions in recent weeks, the news was greeted coolly. GEC shares finished 4p down at 238p.

This unenthusiastic response partly reflected disappointment over the group's failure to reach agreement with Lear Siegler, which annonced the sale of several of its aviation activities to Smiths Industries of the UK last week.

Mr James Prior, GEC's chairman, said the deal would bring benefits to both companies through the combination of their activities.

Gilbarco, he said, would gain from the application of GEC's electronics capability to its fuel dispensing, measuring and associated products and services businesses, while the US company's distribution network in the US and elsewhere would give GEC the opportunity to expand its sales of related products.

As part of the GEC deal, Gilbarco's debts of about $160m, which represented most of the purchase price by the investment group, will be paid off.

Mr Douglas Gadd, managing director of GEC's Power Distribution Group, said yesterday that Gilbarco's business had been improved significantly since the Exxon divestment.

Last year the company made pre-tax profits of $24.6m on sales of $252.4m and in the quarter to the end of March, profits more than doubled to $7.7m on turnover of $60.6m.

Mr Gadd added that the UK company saw possibilities of expansion in electronics-based service station products.

CGE buys control of Generale Occidentale

Continued from Page 1

broadcasting group, he is understood to have been disappointed by the Fifth Channel decision.

While Sir James will continue at present to head Generale Occidentale, the deal with CGE was seen last night in Paris as adding a new political dimension in the current French media manoevrings.

●Cavenham (USA), a wholly-owned subsidiary of Generale Occidental, had no comment yesterday on Sir James's action and several other officials of his US business operations refused to comment on speculation that he is scaling down his business interests in a country which has figured prominently in his investment portfolio.

Late last year Sir James launched a $5.3bn bid for Goodyear, the world's biggest tyre manufacturer, but ran into fierce opposition and subsequently sold his shares back to the company for a profit of more than $90m.

Since then Sir James, who had invested in a wide range of US companies ranging from St Regis to Colgate-Palmolive and had built a reputation as one of the more successful corporate raiders, has been noticeably absent from the US business scene

He has been quietly dismantling Crown Zellerbach, the West coast forest products company where he acquired control in 1985. He sold the bulk of the paper operations to James River and has subsequently sold its container operations to a private investor group.

He is reported to have recently sold Crown's San Francisco headquarters.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	25	77	Dubrovnik	S	27	81	Malta	S	32	90	Rhodes	S	33	91
Algiers	S	29	84	Edinburgh	C	17	63	Manchester	F	16	61	Rio de J'o	S	30	86
Amsterdam	C	15	59	Faro	S	30	86	Manila	C	33	91	Rome	S	35	95
Athens	S	36	97	Florence	S	28	82	Melbourne	F	11	52	Salzburg	F	19	66
Bahrain	S	44	111	Frankfurt	R	13	55	Mexico City	C	25	77	San Francisco	C	20	68
Bangkok	S	35	95	Funchal	S	24	75	Miami	C	31	88	Seoul	R	26	79
Barcelona	S	24	75	Geneva	C	18	64	Milan	F	24	75	Singapore	F	30	86
Beirut	S	33	91	Gibraltar	F	23	73	Montreal	C	26	79	Stockholm	C	14	57
Belfast	F	17	63	Glasgow	C	17	63	Moscow	C	25	77	Strasbourg	C	15	59
Belgrade	C	25	77	Guernsey	C	18	64	Munich	R	15	59	Sydney	F	16	61
Berlin	R	30	86	Helsinki	C	17	63	Nairobi	F	25	77	Taipei	R	29	84
Biarritz	S	20	68	H. Kong	R	30	86	Naples	F	30	86	Tangier	S	30	86
Bombay	F	31	88	Innsbruck	F	20	68	Nassau	S	33	91	Tel Aviv	-	-	-
Bordeaux	C	18	64	Inverness	C	13	55	New Delhi	C	36	97	Tenerife	S	27	81
Brussels	R	16	61	Islamabad	C	23	73	New York	S	27	81	Tokyo	C	34	93
Budapest	S	22	72	Istanbul	S	33	91	Nice	S	27	81	Toronto	S	29	84
B. Aires	-	-	-	Jakarta	C	34	93	Nicosia	S	42	107	Tunis	S	30	86
Cairo	S	38	100	Jersey	C	18	64	Oporto	S	28	82	Valencia	F	25	77
Cape Town	C	15	59	Jo'burg	S	19	66	Oslo	C	16	61	Venice	S	23	73
Caracas	C	26	79	Lima	C	21	70	Paris	R	14	57	Vienna	F	19	66
Casablanca	-	-	-	Lisbon	S	32	90	Peking	C	32	90	Warsaw	C	19	66
Chicago	C	32	90	London	F	19	66	Prague	C	15	59	Washington	S	36	97
Cologne	R	16	61	Los Angeles	C	24	75	Reykjavik	R	11	52	Zurich	C	16	61
Copenhagen	C	14	57	Luxembourg	S	14	57								
Corfu	S	32	90	Madrid	S	24	75								
Dallas	F	33	91	Majorca	C	25	79								
Dublin	C	18	64	Malaga	S	26	79								

Readings at mid-day yesterday

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Tuesday July 28 1987

Du Pont reports modest second-quarter increase

BY ANATOLE KALETSKY IN NEW YORK

DU PONT, the largest US chemicals company, yesterday reported moderately higher profits as strong improvements in the chemical businesses were partially offset by declines in its Conoco oil subsidiary.

Du Pont's second-quarter net income increased by 11 per cent to $504m, or $2.06 a share, compared with $456m, or $1.88, a year ago.

The modest increase contrasts unfavourably with a 40 per cent profits surge at Dow, the second-largest US chemicals group, but is a marked improvement on the 3 per cent decline to $1.62 a share which Du Pont suffered in the first quarter.

The company's stock price edged down by $¼ to $125⅛ in morning dealing on Wall Street.

The latest second-quarter net included a one-time benefit of $18m, or seven cents a share, which reflected the sale of the high-density polyethylene business, partly offset by write-offs in the coal business and charges associated with early debt redemption.

After-tax operating income from Du Pont's chemical and specialty products businesses increased by 55 per cent to $545m. However, about half this improvement was due to the one-off gain from the sale of the polyethylene plants. Fibres, agricultural products and white pigments were particularly strong, Du Pont said.

In contrast, the petroleum business suffered a 53 per cent cut in net operating income, to $64m. This reflected the decline in refined product margins.

This had a far bigger impact than the higher crude oil prices enjoyed by the production and exploration sector.

Net operating profits from petroleum exploration were $33m, compared with losses of $21m a year ago, but profits from refining and marketing were only $31m, compared with $156m last year.

Chemicals and specialty products accounted for $4.7bn, or 60 per cent of Du Pont's total revenues in the second quarter, while petroleum production, exploration and marketing had revenues of $2.7bn.

The remaining $434m of revenues were derived from coal. The coal division had net operating profits of $7m, compared with $40m last time.

Record gains at Compaq Computer

By Louise Kehoe in San Francisco

COMPAQ COMPUTER, the US personal computer manufacturer, has shown a sharp rise in sales and earnings to achieve record quarterly results, defying predictions that sales would suffer over IBM's April introduction of a new personal computer range.

For the second quarter ended June 30, Compaq reported income of $31m, more than three times higher than the $10m net income for the corresponding period last year. Share earnings rose to 80 cents from 31 cents.

Quarter sales were $268m, an 82 per cent increase over sales of $147m in last year's second quarter. Compaq said it had shipped more personal computers over the three months than in any previous quarter.

For the six-month period, sales were $478m compared with $291m in the first half of 1986. Net income rose from $18m, or 57 cents a share, to $51m, or $1.36.

"Our record sales and earnings for the second quarter stemmed largely from soaring demand for our industry standard, high-performance personal computers," said Mr Rod Canion, president and chief executive.

Mr Canion said the company's two latest products – a new version of its portable personal computer and a high performance desktop model – led the sales growth and have become the two most successful products the company has produced.

Compaq's success reflects pent-up demand for high-performance personal computers that are compatible with established industry standards, US industry analysts said.

Anticipation of IBM's new product announcements slowed sales in the first quarter, they noted.

Chrysler may export to Europe from US plants

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT, IN DETROIT

CHRYSLER, the third-largest US vehicle group, is considering supplying cars to Europe from its plants in Canada and Mexico to take advantage of the substantial tax rebates available to exporters in those countries.

Making the announcement yesterday, Mr Gerald Greenwald, the chairman of Chrysler Motors – the company's main division – called for tax changes to help make the US more competitive. "We export taxed vehicles to Europe where they slap on more tax," he said.

So Chrysler Motors is looking at the possibility of supplying minivans from Canada and small cars from Mexico when it starts rebuilding exports to Europe later this year.

The company expects to sell about 5,000 cars in the first year, rising to between 15,000 and 20,000 fairly quickly.

"There is a lot more potential for us in Europe once we build up a distribution network there," said Mr Greenwald at the Automotive News Congress in Detroit.

On Chrysler's plans for Lamborghini, the Italian sports car company recently acquired by Chrysler in a deal rumoured to be worth $30m, Mr Greenwald said his company must be careful not to smother Lamborghini.

But there was every reason to believe the Italian company's output could be lifted within four or five years from only 300 cars in 1986 to an annual 4,000 to 5,000 – making its production size similar to Ferrari, the Fiat-owned sports car company.

Mr Greenwald suggested that, following the rise in the value of the yen against the dollar, the cost advantage for Japanese cars delivered to the US compared with American models was now tiny.

However, the Japanese were "showing willingness to go without profit" in the current scramble for the US market share.

The big imbalance in automotive trade between Japan and the US would not be dented until the Japanese put limitations on the dollar value of all vehicles, vehicle kits and components they shipped to the US rather than simply voluntarily restraining the numbers of built-up cars.

Telerate benefits from rise in demand

By Roderick Oram in New York

TELERATE, the US company which provides on-line financial market data to securities firms, banks and other customers worldwide, has reported a big jump in third-quarter profits.

Net earnings for the three months ended June 30 rose 72 per cent to a record $17.3m, or 37 cents a share, from $10.1m, or 23 cents, a year earlier.

Year-to-date profits rose 65 per cent to $45.7m, or 99 cents, from $27.7m, or 62 cents.

Revenues were $79.8m in the latest period compared with $54.3m and $219.5m in the nine months compared with $149.4m.

The results reflected a good all-round performance, the company said. Telerate benefited from cost control and higher demand for its services.

It had pushed hard into foreign markets in recent years to serve customers dealing with increasingly international markets.

Revenues in Europe were about 60 to 70 per cent ahead of last year with a similar strong growth in Asia, particularly in Japan. Moreover, Telerate had completed much of the heavy investment in its systems abroad.

The outlook was buoyant with a number of new services coming on-stream. These include TeleTrac, a bond and foreign exchange technical analysis facility with full colour graphics, and Tactician, which offers fundamental analysis of US credit markets.

"These have not yet made their mark on the results but will increasingly do so," the company said.

Telerate draws its data from some 600 contributors and has about 45,000 screens on-line.

Food groups take merger to NZ High Court

By Dai Hayward in Wellington

GOODMAN FIELDER and Wattie Industries, the two large Australasian food companies whose merger plans have been rejected by the New Zealand Commerce Commission, yesterday applied to the New Zealand High Court to overturn the commission's decision.

The companies are now prepared to sell part of their flour milling and other operations to comply with the commission's original objection that the proposed merger would create a dominant position in several important markets for the enlarged company.

The case, which is expected to last two weeks, was adjourned after suggestions that the new submissions by Goodman-Wattie amounted virtually to a new application.

Some 15 independent companies, including a poultry supplier, flour millers and bakers are also opposing the merger.

If it is allowed to go ahead, the new company would have assets of more than NZ$3bn (US$1.8bn).

The original application to merge was rejected in May by the Commerce Commission, which identified five market areas where a merged company would have excessive dominance.

Goodmann has said it is prepared to sell some holdings, including shareholding in three separate flour mills and a yeast making company, to overcome this problem.

The two companies are anxious to avoid having to resubmit an amended application because this could mean up to 100 days' delay while the commission reconsiders.

The commission has said dominance in the market is an important factor in its conclusions but not the only one.

Goodman and Watties have said they could make savings of NZ$12m a year by sharing distribution, warehousing and other facilities.

Singer loses $20m after pre-tax charge

BY OUR FINANCIAL STAFF

SINGER, the US defence and aerospace group, suffered a second-quarter net loss of $20.2m, or $1.02 a share, because of a $45m pre-tax charge for higher-than-expected costs needed to complete the development phase of three aerospace electronics programmes.

The loss compares with last year's net profits of $21.8m, or 98 cents a share, although this reflects income of $34.4m from discontinued operations, an extraordinary credit of $18m and a $27m loss from an accounting change.

On a continuing operations basis, Singer lost $3.4m in the 1986 quarter.

Revenues were $435.8m against $417.5m. For the first six months, the company lost $5.4m, or 38 cents, against net from continuing operations of $11.1m, or 44 cents. Revenues were $871.6m against $796m.

The company said the $45 charge in the latest quarter relates to development programmes for the joint tactical information distribution system, new-generation ring-laser gyroscope guidance and navigation equipment, and another category of advanced guidance and navigation systems.

Mr Joseph Flavin, chairman and chief executive, said: "These are the same three programmes that were affected by the accounting change we implemented last year for long-term contracts requiring the development of state-of-the-art systems."

Mr Flavin said Singer expected a favourable trend during the rest of 1987.

Alberto-Culver in bid for Lamaur

BY OUR FINANCIAL STAFF

ALBERTO-CULVER, the Illinois personal care products group whose brands include Alberto VO5 shampoo, yesterday launched a $132m bid for Lamaur, its smaller Minnesota-based rival.

The bid, if it succeeds, would be the largest acquisition made by Alberto, which under the leadership of Mr Leonard Lavin, chairman and president, has grown over the past few years into an important factor in the US and European hair care markets.

Alberto is seeking to acquire Lamaur in a cash merger under which it would pay $22 a share for the approximately 6m outstanding Lamaur shares, of which it already holds about 7 per cent.

Alberto said yesterday the merger would constitute "a very nice fit." The two companies have different areas of strength within the hair care industry.

The bidding company, with sales in the current year projected at $500m, is four times the size of its target, which had sales last year of $127m and net profits of $5.1m.

Alberto said the price offered represented a premium of about 70 per cent over the average closing prices of Lamaur stock for the week ended July 17. It has asked Lamaur for a response by August 6.

US retailer rejects $295m takeover offer

By Our Financial Staff

STANDARD BRANDS Paint, the California-based paint and DIY retailer, has rejected last week's US$295m offer to be acquired by Entregrowth International, the US arm of New Zealand's Chase Corporation.

Standard, which has annual sales of around $350m, said the offer of $21 in cash plus $7 in debentures for each share was "premised on a wholly unrealistic business plan which reflects no understanding of Standard Brands' business and assets and is inconsistent with the maximisation of shareholder values."

Chase, headed by Mr Colin Reynolds, has no connection with Chase Manhattan of the US.

Vancouver broker seeks links

BY ROBERT GIBBENS IN MONTREAL

PEMBERTON Houston Willoughby Investment, a large Vancouver-based investment dealer, has become the latest Canadian investment firm planning to link up with foreign interests to form an international merchant bank.

Mr Fred Wright, president, said Pemberton wanted to develop a unique distribution ability in the Far East and Europe to sell securities to institutions worldwide and to bring capital into western Canada.

Pemberton would issue treasury stock to the new partner, and the increase in capital would form the base of the merchant bank.

The operation would also help Pemberton compete in eastern Canada, both in institutional and retail markets.

Following the June 30 deregulation in Canada, Canadian Imperial Bank of Commerce and Gordon Capital, and Wood Gundy and First National Bank of Chicago have formed links to set up merchant banking operations. Deutsche Bank has acquired McLean McCarthy, a Toronto-specialised broker.

● Algoma Steel and PanCanadian Petroleum, two big affiliates of Canadian Pacific (CP) – the major Canadian transport, resources and industrial combine – have begun a turnround in performance.

Algoma, Canada's third-largest steelmaker which took large write-offs last year, has reported first-half 1987 operating net profit of C$11.6m (US$8.7m), or 24 cents a share, against an operating loss of C$23.2m a year earlier. Sales were C$586m against C$550m.

Demand for sheet and strip was firm while plate, heavy beams and tubular products improved. The third-quarter outlook is favourable.

PanCanadian, CP's energy arm, had profits of C$79.9m (US$60m), or 64 cents a share, in the first half against C$95.8m, or 77 cents, on an operating basis. But the period a year earlier excluded a C$95.8m write-down.

Oil output increased, but gas and liquids were lower. The company will benefit from higher oil prices in the third quarter. CP's forest products affiliates have already reported a major upswing in earnings.

● Canadian National (CN), the government-owned rail system, has failed to merge eight Canadian hotels into CP Hotels and has hired Canadian consultants and Lazard Freres in New York to find a buyer.

The hotels lost C$600,000 last year, and CN is not willing to put up the capital required for their modernisation.

N. AMERICAN QUARTERLIES

ASHLAND OIL
Petroleum refiner

Third quarter	1987 $	1986 $
Revenue	1.9bn	1.8bn
Net income	40m	82.4m
Net per share	1.32	2.42
Nine months		
Revenue	5.13bn	5.68bn
Net income	67.9m	174.3m
Net per share	2.13	6.13

COMPUTERVISION
Computer-aided design systems

Second quarter	1987 $	1986 $
Revenue	136.5m	119.3m
Net income	4.12m	3.4m†
Net per share	0.14	0.12†
Six months		
Revenue	276.4m	232.3m
Net income	9.9m	10.4m†
Net per share	0.34	0.36†

†Loss

CROSS & TRECKER
Machine tools

Third quarter	1987 $	1986 $
Revenue	116.7m	100.1m
Op. net income	†1.5m	†612,000
Net per share	†0.12	†0.05
Nine months		
Revenue	325.3m	293.8m
Op. net income	†3.5m	2.1m
Net per share	†0.28	0.17

† Loss

FALCONBRIDGE
Metals mining

Second quarter	1987 $	1986 $
Revenue	319m	289.7m
Net income	17.8m†	10.1m†
Net per share	0.25†	0.17†
Six months		
Revenue	576.5m	582.1m
Net income	10.8m	14.8m
Net per share	0.16	0.26

†Loss

FIRST PENNSYLVANIA
Banking

Second quarter	1987 $	1986 $
Net income	87.96m†	8.84m
Six months		
Net income	79.2m†	18.8m

†Loss after $100m special Third World debt provision

FPL
Utility

Second quarter	1987 $	1986 $
Revenue	1.06bn	999.1m
Net income	88.5m	75.8m
Net per share	0.69	0.60
Six months		
Revenue	4.18bn	4.23bn
Net income	393.7m	338.1m
Net per share	3.05	2.77

GENERAL SIGNAL
Semiconductor production

Second quarter	1987 $	1986 $
Revenue	396.7m	412.4m
Net income	15.2m	18.1m
Net per share	0.54	0.63
Six months		
Revenue	781.9m	817.8m
Net income	29.3m	36.3m
Net per share	1.03	1.33

GOTAAS-LARSEN SHIPPING
Shipping

Second quarter	1987 $	1986 $
Revenue	58.6m	44.1m
Net income	7.9m	8.8m
Net per share	0.58	0.64
Nine months		
Revenue	111.6m	84.4m
Net income	15.8m	15.6m
Net per share	1.16	1.25

HERSHEY FOODS
Confectionery

Second quarter	1987 $	1986 $
Revenue	487.7m	450.2m
Net income	27m	24.6m
Net per share	0.30	0.26
Six months		
Revenue	1.09bn	958.2m
Net income	59.9m	51.8m
Net per share	0.66	0.55

KELLOGG
Cereals

Second quarter	1987 $	1986 $
Revenue	923.1m	867.2m
Net income	89.8m	69.2m
Net per share	0.72	0.56
Six months		
Revenue	1.82bn	1.67bn
Net income	194.3m	145.7m
Net per share	1.57	1.18

MCA
Leisure and entertainment

Second quarter	1987 $	1986 $
Revenue	611.4m	622.7m
Net income	38.9m	28.2m
Net per share	0.51	0.37
Six months		
Revenue	1.15bn	1.04bn
Net income	67.1m	59.1m
Net per share	0.88	0.78

MACK TRUCKS
Heavy duty trucks

Second quarter	1987 $	1986 $
Revenue	489.8m	461.4m
Op. net income	10.6m	13.7m
Net per share	0.35	0.46
Six months		
Revenue	937.7m	878.6m
Op. net income	13.1m	3.1m
Net per share	0.44	0.08

NORTON
Abrasives, ceramics, plastics

Second quarter	1987 $	1986 $
Revenue	323m	295.1m
Net income	18.2m	17.6m
Net per share	0.92	0.86
Six months		
Revenue	617m	588.3m
Net income	32.3m	34.6m
Net per share	1.59	1.69

OUTBOARD MARINE
Outboard motors

Third quarter	1987 $	1986 $
Revenue	393.5m	298.8m
Net income	23.5m	16.5m
Net per share	1.30	0.98
Nine months		
Revenue	884.9m	684.8m
Net income	27.8m	13.8m
Net per share	1.55	0.82

PHILLIPS PETROLEUM
Oil and gas

Second quarter	1987 $	1986 $
Revenue	2.64bn	2.34bn
Net income	3m†	8m
Net per share	0.005	0.01
Six months		
Revenue	5.18bn	5.45bn
Net income	29m†	104m
Net per share	–	0.39

†Loss

TIMES MIRROR
Newspapers

Second quarter	1987 $	1986 $
Revenue	793.4m	748.9m
Net income	83m	191.7m
Net per share	1.28	2.96
Six months		
Revenue	1.5bn	1.4bn
Net income	141.2m	234.8m
Net per share	2.18	3.63

TIMKEN
Roller bearings

Second quarter	1987 $	1986 $
Revenue	302.7m	287.7m
Op. net income	6.6m	†394,000
Net per share	0.52	†0.03
Six months		
Revenue	591.2m	575.4m
Op. net income	1.56m	2.15m
Net per share	0.12	0.17

† Loss

WILLIAMS COMPANIES
Energy

Second quarter	1987 $	1986 $
Revenue	340.8m	349.2m
Net income	15.4m	8.7m
Net per share	0.44	0.26
Six months		
Revenue	894.4m	1.03bn
Net income	67.1m	22.9m
Net per share	1.94	0.67

ZENITH ELECTRONICS
Colour TV sets, VCRs

Second quarter	1987 $	1986 $
Revenue	538.5m	380.6m
Net income	300,000	9.9m†
Net per share	0.02	0.43†
Six months		
Revenue	1.09bn	781.2m
Net income	1.3m	14.3m†
Net per share	0.06	0.52†

†Loss

KIO associate buys stake in ERT

By David White in Madrid

TORRAS HOSTENCH, the Catalan paper company and regarded as the spearhead of the *Kuwaiti Investment Office* in Spain, has become the principal shareholder in Union Explosives Rio Tinto (ERT), the leading Spanish chemical group, buying some 15 per cent of its capital through the *Barcelona stock* exchange.

At the same time the company, which just completed a Pta 55bn ($433m) capital-raising operation to provide itself with a "war chest" for *diversification, has acquired* about 5 per cent in Banco de Vizcaya and 2 per cent in Banco Central.

The Kuwait Investment Office (KIO), which last year bought just under 25 per cent *of Torras Hostench,* already holds a direct participation of close to 5 per cent in Banco Central, the country's biggest commercial bank.

The purchases disclosed by the company are reckoned to have cost a total of between Pta25bn and Pta30bn, leaving a large part of the "war chest" still to be allocated.

The move into ERT, which has already been the target of active foreign share-buying, is seen as reflecting KIO's ambi*tions in the Spanish oil refin*ing sector. Earlier this year, KIO was involved in unsuccessful talks over a stake in Compania Espanol de Petroleos (CEPSA), the private-sector refiner linked to Banco Central.

Both Torras Hostench and ERT are companies that have recovered much of their earlier poise after running into heavy debt four or five years ago. The Torras capital increase, completed last week, was the biggest ever carried out on Spanish stock markets.

The announcement of the share purchases marks the company's first major diversification outside the paper industry, in which it has reinforced its position since KIO's entry as the main shareholder.

Last month it added to its interests a 4 per cent stake in the state-controlled paper group Empresa Nacional de Celulosa (ENCE), bought from a private shareholder for about Pta 2bn.

Elsevier boosts terms in battle for Dutch publisher

BY LAURA RAUN IN AMSTERDAM

ELSEVIER, the Dutch publisher, yesterday raised its hostile takeover offer for Kluwer, a smaller rival, by about 12 per cent in a surprise move which tops a competing, friendly bid from Wolters Samsom, the publishing communications group.

Elsevier has sweetened its public tender offer with more cash and less stock, offering *five common share* plus Fl 175 in cash for a total bid value of Fl 414 a share in the stock previously.

Kluwer, which is valued at more than Fl 1bn by both competing bids, was priced at *FlFl 414 a share in the stock* market yesterday before trading in all three publishers was suspended on the Amsterdam bourse.

Wolters Samsom immediately launched consultations with Kluwer yesterday to consider whether to increase its friendly bid a second time.

Elsevier owns in excess of 30 per cent of Kluwer's common stock which it has acquired through the open market. Wolters Samsom has a 5 per cent stake but controls some 29 per cent of Kluwer through a holding of preferred stock. Wolters Samsom has said it woulud drop its bid unless it gets at least 51 per cent of the common shares of Kluwer.

The tussle for control of Kluwer is not only one of the *most dramatic bid battles* ever fought between stock market-listed Dutch companies, it is also one of the most complicated.

Even if Elsevier ends up owning all of Kluwer's common stock it will only control a minority of the company because ordinary shares represent just 36 per cent of Kluwer's total capital. The *outstanding* 64 per cent is represented by preferred stock placed with Wolters Samson and a foundation friendly to the Kluwer management.

In the meantime, the ordinary *shares* being issued by Elsevier to finance its open-market purchases in Kluwer are believed to be going largely to big, foreign investors such as Mr Robert Maxwell, the UK press magnate and MacGraw Hill, the US publishing group.

Mr Maxwell has said he owns a "very substantial" stake in Elsevier.

Spanish bank profits 19% ahead

BY TOM BURNS IN MADRID

SPANISH BANKS have made a good start to the current year *with half-time statements so* far published showing average pre-tax profits growth of more than 19 per cent. This is broadly in line with the industry's outturn for 1986 as a whole.

A common feature of the *results has been a policy* of increasing the country risk reserve requirements and, in order to meet a further directive of the Bank of Spain, of increasing allocations for pension funds.

Above-average pre-tax profits were recorded by Banco Central, Spain's largest bank in deposit terms, which posted Pta18.9bn ($148m), up 19.74 per cent for the *six months. Banco Hispano* Americano, the fourth largest bank, reported a 20.4 per cent rise to Pta8.1bn, while Banco de Santander moved ahead by 20.4 per cent to Pta8.8bn.

This week Banco de Santander is due to float Pta 2.9m worth of shares on the New York Stock Exchange.

Banesto said its first-half results showed a steady recovery and that it would meet its target of Pta 30bn pre-tax for 1987. Last year Banesto wrote off all its pre-tax profits for provisions.

A feature of the half-yearly results at Banco Exterior, the *state-owned* bank which comes eighth in the industry ranking, was the Pta 12bn set aside for country risk provisions, a 64 per cent increase on the allocation last year.

Banco Exterior, which acts as the Government's export credit arm, has now covered exposure to doubtful sovereign lending by more than 30 per cent. This compares with the 25 per cent required by the Bank of Spain. Exterior aims to increase this to 40 per cent by the end of the year.

Creditanstalt sees dividend rise

BY OUR FINANCIAL STAFF

CREDITANSTALT, the Austrian bank, expects to raise its dividend for 1987 on expectation that the bank will at least equal its 1986 operating profit.

Mr Hannes Androsch, the bank's director general, said that the dividend increase would be dependent on first half trends, which slightly improved on the same 1986 period, continuing for the rest of 1987.

Last year the bank paid a 12 per cent dividend. Mr Androsch gave no figures for first half profits since banks need only publish results annually under Austrian regulations.

Creditanstalt made a consolidated banking group net profit of Sch 496.7m ($38m) last year after a Sch 354.5m profit the year before, when it paid a 10 per cent dividend.

The bank's balance sheet total grew 5.1 per cent in the first half of 1987 to Sch 391.6bn. The proportion of foreign business rose to 50.7 per cent from 48.3 per cent.

As for local Austrian business, interest earnings had grown 8 per cent and margins had slightly widened due to reduced refinancing costs, the bank said. In foreign currencies, interest income had risen in the first half compared with the year-ago period despite pressure on margins and the weakness of the dollar.

INTERNATIONAL CAPITAL MARKETS and COMPANIES

Chicago exchanges hope for fruitful relationship

"THE RELATIONSHIP between the two exchanges for the past 15 years has been sporadic. We have got to learn to live with one another again."

As Mr Gary Lahey, the Chicago Board Options Exchange's vice-chairman readily admits, relations between the CBOE, the world's largest options market place, and the Chicago Board of Trade, the largest futures exchange, have often left a great deal to be desired—the more so considering that the CBOE was originally founded by its venerable 139 year old neighbour in 1973.

Thus last month's announcement that the boards of the two institutions had approved the framework for a joint venture agreement to develop a string of *mutually traded products* surprised many, however sound the logic behind the proposed move appears to be.

The venture, to be presented this week for approval by the members of the two exchanges, would consist of a business agreement to trade jointly a range of new futures and futures options, securities and securities options products.

Initial joint venture contracts would include specific equity index futures to be traded adjacent to the CBOE's Standard & Poor's 100 pit—the world's busiest with daily volume averaging some 500,000 lots.

In addition, full members of the CBOE would become eligible to trade existing CBOT options and some futures if and when average daily volume of CBOE-contributed joint venture products consistently exceeds 50,000 lots. Exchange officials expect the first new joint venture product to be up and running within three to four months.

The deal would potentially enable member firms of both institutions to make significant capital and other savings at a time when intensifying competition both domestically and abroad is focusing increased attention on cost containment.

Further, the new contracts promise to provide both exchanges with a degree of much-needed diversification. The joint venture's primary objectives, according to the CBOT, "are to increase the number of products which members can use and to decrease costs."

Although each exchange is comfortably the market leader in its own field, both are heavily dependent on one particularly successful contract. At the CBOE, the S&P 100 stock index continues to account for

The CBOE-CBOT joint venture provides a degree of much-needed diversification, writes David Owen

more than 60 per cent of total volume. At the CBOT, originally oriented to agricultural commodities, over 50 per cent of trades last year were conducted in the bustling US Treasury bond futures pit.

As both prospective joint venture partners are all too well aware, this situation contrasts markedly with the rival Chicago Mercantile Exchange, the world's second largest futures exchange, where volume is much more evenly spread across a range lutch of currency, stock index, interest rate and agricultural products.

While Mr Lahey admits that "regulatory walls will have to be built and taken down" if the joint venture is approved, he believes that this process will be time-consuming rather than problematical. "We are not attempting to alter the jurisdictional spheres (between the Commodity Futures Trading Commission—the futures industry watchdog—and the Securities and Exchange Commission) at all."

With regard to the cross-margining of trades, which would boost operational efficiency by enabling members to offset trading positions on one exchange against those on the other as if they were one account hence reducing margin requirements, Mr Lahey sees no reason for industry regulators to become concerned.

"We have no intention of submitting this to the CFTC for approval because we cannot see anything in it that requires their approval," he says. "There shouldn't be any problems with the regulators on this score."

While regulatory walls may have to be reshaped to accommodate the proposed joint venture, exchange officials are not yet convinced that extensive remodelling of present trading configurations will be necessary, although the sixth floor of the CBOE building has been earmarked as a potential future site of a joint trading floor.

"It may not be as important to move the pits around as to install inter-pit communications systems," Mr Lahey speculates. The CBOE's communications system is one of the reasons why the CBOT is attracted to the joint venture, officials make clear.

While gossip on the Windy City's cavernous trading floors is rife, it is still not clear whether the proposed joint venture will emerge as a first step towards a more extensive liaison.

"Personally, I would love to merge the two exchanges," says Mr Lahey of the CBOE.

Meanwhile, CBOE officials are also turning their thoughts increasingly to the potential benefits to be derived from extending trading hours and/or establishing links with rival exchanges in different time zones, including the London Stock Exchange.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on July 27

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7½ 92	200	[illegible]	[illegible]	[illegible]	[illegible]	9.18
All Nippon Air 9⅝ 97	100	[illegible]	[illegible]	—	—	9.70
A/S Eksportfinans 7⅝ 93	100	[illegible]	[illegible]	[illegible]	[illegible]	9.13
A/S Eksportfinans 7¼ 92	150	[illegible]	[illegible]	0	[illegible]	8.87
BP Capital 9⅝ 94	100	[illegible]	[illegible]	[illegible]	[illegible]	8.67
British Telecom 7⅝ 96	250	[illegible]	90	[illegible]	−1	9.33
Campbell Soup 10½ 95	100	[illegible]	[illegible]	0	[illegible]	9.38
Canada 9 96	1000	[illegible]	100	[illegible]	[illegible]	9.03
Canadian Pac. 10⅝ 95	100	[illegible]	105	[illegible]	[illegible]	9.44
CCCE 7⅝ 92	115	[illegible]	[illegible]	[illegible]	[illegible]	8.87
CNCA 7¼ 92	150	[illegible]	[illegible]	[illegible]	[illegible]	8.83
Citicorp 8¼ 93	200	[illegible]	[illegible]	[illegible]	[illegible]	9.55
Credit Lyonnais 9 91	200	[illegible]	101	[illegible]	[illegible]	8.72
Credit National 7⅝ 92	100	[illegible]	[illegible]	[illegible]	[illegible]	8.69
Credit National 9⅝ 93	150	[illegible]	[illegible]	[illegible]	[illegible]	8.64
Credit National 7¼ 91	150	[illegible]	[illegible]	[illegible]	[illegible]	8.65
Denmark Kingdom 7⅝ 92	500	[illegible]	[illegible]	[illegible]	[illegible]	9.34
Denmark Kingdom 8¼ 91	300	[illegible]	[illegible]	[illegible]	0	8.75
EEC 7 91	100	[illegible]	[illegible]	0	[illegible]	8.47
EEC 8¼ 96	100	[illegible]	[illegible]	[illegible]	[illegible]	9.35
EEC 7¼ 93	250	[illegible]	[illegible]	[illegible]	[illegible]	8.78
EIB 7⅝ 93	100	[illegible]	[illegible]	[illegible]	[illegible]	8.88
Finland 7⅞ 97	200	[illegible]	[illegible]	[illegible]	[illegible]	9.35
Finland 7½ 93	200	[illegible]	[illegible]	[illegible]	[illegible]	9.09
Ford Motor Cred. 10½ 91	150	[illegible]	[illegible]	[illegible]	[illegible]	8.91
Ford Motor Cred. 11⅞ 90	100	[illegible]	[illegible]	[illegible]	[illegible]	8.34
Gen. Elec. Cred. 10¼ 00	200	[illegible]	[illegible]	[illegible]	[illegible]	9.77
Hoesch 7⅝ 92	100	[illegible]	[illegible]	[illegible]	[illegible]	8.43
Hoesch 7⅞ 94	100	[illegible]	[illegible]	[illegible]	[illegible]	9.62
Hoesch 8⅝ 97	100	[illegible]	[illegible]	[illegible]	[illegible]	9.12
Liberty Mutual 8½ 96	150	[illegible]	[illegible]	[illegible]	−1	9.46
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Credit National 4⅝ 92	15	[illegible]	[illegible]	[illegible]	[illegible]	4.82
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	Issued	Bid	Offer	Change on day	Change on week	Yield
Chujitsuya 5¾ 94	50	[illegible]	[illegible]	[illegible]	[illegible]	4.80
Deutsche Bk. Fin. 5⅞ 95	100	[illegible]	[illegible]	[illegible]	[illegible]	4.37
EIB 4⅝ 97	200	[illegible]	[illegible]	0	[illegible]	4.85
Glendale F. S. & L. 5½ 95	100	[illegible]	[illegible]	[illegible]	0	5.15
Humana 5⅞ 98	120	[illegible]	[illegible]	0	[illegible]	5.35
Industrial Credit 5¼ 96	75	[illegible]	100	0	[illegible]	5.02
Japan Dev. Bk. 5⅞ 97	100	[illegible]	[illegible]	[illegible]	[illegible]	4.85
Oberoz. Kftwk. 5⅝ 95	100	[illegible]	105	0	[illegible]	4.90
Olivetti Intl. 5½ 95	100	[illegible]	[illegible]	0	[illegible]	4.85
Pepsico 5¼ 95	150	[illegible]	[illegible]	[illegible]	[illegible]	4.57
Prov. of Manitoba 4¼ 94	200	[illegible]	[illegible]	0	[illegible]	4.36
Ralston Purina 5⅞ 94	125	[illegible]	104	[illegible]	[illegible]	4.75
Settsu Euro. 0 01	100	[illegible]	[illegible]	[illegible]	[illegible]	5.60
Tohoku Elec. Pwr. 4⅞ 96	150	[illegible]	[illegible]	0	0	4.94
USX Corpn. 5⅝ 98	100	[illegible]	98	0	[illegible]	6.85
World Bank 5¼ 94	150	[illegible]	[illegible]	0	[illegible]	4.86

Average price change on day 0 on week [illegible]

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The prices over the past week were supplied by: Kredietbank NV; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Banque Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; J. Henry Schroder Wagg and Co.; Bank of Tokyo International; Chemical Bank International; Chase Manhattan; Citicorp International Bank; Daiwa Europe NV; Credit Commercial de France (Securities); LTCB International; Robert Fleming and Co.; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; Merrill Lynch Pierce Fenner and Smith; Morgan Stanley International; Nikko Securities Company (Europe); Nomura International; Orion Royal Bank; Samuel Montagu and Co.; Societe Generale Strauss Turnbull; Sumitomo Finance International; Swiss Bank Corporation International; S. G. Warburg and Co.; Wood Gundy.

Eurodollar launch by Finnish agency

By Stephen Fidler, Euromarkets Correspondent

ATTEMPTS TO force open the new issue window for Eurodollar bonds continued yesterday, as the Finnish Export Credit agency launched a $150m issue.

For most of last week, weakening North American bond markets meant that bringing a Eurodollar bond to market could be compared to attempting to climb a down-escalator.

Yesterday, however, New York provided some modest help, welcome since most new issue positions held over from last week are now yielding losses.

The triple-A Finnish issue carried a five-year maturity, an 8¾ per cent coupon and a price of 101⅛. At its fees of 1⅞, the issue yielded about 60 basis points over the equivalent US Treasury bond, though the US rally had expanded this margin to about 64 basis points by late afternoon.

Goldman Sachs International, the lead manager, said the issue was trading inside its fees. Dealers said they considered the issue

INTERNATIONAL BONDS

fairly priced, comparing it with a $200m issue for Sweden launched at 40 basis points over the Treasury yield curve last week. Bonds were moving to retail clients, though not rapidly, underlining the importance, they said, of not trying to pare basis points in a market that is far from bubbling with enthusiasm.

The immediate reaction to the only other straight Eurobond new issue, a C$75m issue for Deutsche Girozentrale-Deutsche Kommunalbank (DGZ) was lukewarm. The five-year issue certainly passed the 10 per cent yield barrier, priced with a 10¼ per cent coupon at 101⅞. It yielded 42 basis points over the equivalent Canadian Treasury bond.

With summer upon the market, however, few issues seem likely to be blow-outs and sentiment for Canadian paper was not helped by last week's market declines, in which a number of new Eurobond issues suffered. While brokers' screens were quoting less 1⅞ offered for the paper, dealers said that if it were going to be placed Deutsche Bank, the lead manager, would probably be the house to do it.

Sanwa Shutter Corporation was the latest in the market for dollar bonds with Japanese equity warrants, bringing a $60m, five-year deal with a 3 per cent indicated coupon through Daiwa Europe. It was trading well outside fees, and quoted by the lead manager at less four bid.

The Swiss market also seemed to be entering a summer lull, with the focus continuing on good-quality short maturity paper. The sole new issue was for GTE Finance Corporation through Citicorp Investment Bank (Switzerland). The SFr 100m deal carried a seven-year maturity, a 4¾ per cent coupon and a price of 100½.

In West Germany, prices ended the day narrowly mixed in quiet trading, but there seemed little fundamental demand despite the recent scale-up in yields. The coupon on a DM 70m convertible for Suminoe Textile was set as expected at ½ per cent, and conversion terms fixed. It was trading at 98¾ bid.

Citibank drops two claims against Galadari

By Angela Dixon in Dubai

CITIBANK HAS withdrawn two claims totalling Dh 70m ($19m) against Galadari Brothers, the Dubai trading group, as a result of successful negotiations out of court.

The settlement is the latest in a series reached with Abdul Rahim and Abdul Latif Galadari, and brings to Dh 330m the amount of debts they have settled, out of a total of some Dh 1bn owed to 19 creditor banks. Previous debt settlements have been at a rate of 30 to 40 per cent, but the present settlement is believed to be at a somewhat higher rate.

A claim for Dh 266m from a syndicate of nine banks, led by Citibank, is still outstanding. No agreement is currently being negotiated on this loan. Member banks of the syndicate do not rule out the prospect of a settlement, but have hitherto maintained that they will only accept 100 cents in the dollar.

Another large claim is that of Dubai Bank, formerly owned by Galadari Brothers, which sued the brothers and other defendants for a total of Dh400m. Judgment was given in favour of the bank last month, though only to the extent of Dh245m. The balance was postponed.

Maggie Ford focuses on a S. Korean newcomer to the Euromarkets

GoldStar looks abroad for growth

FEW COMPANIES trying to woo investors can have had as *fortunate a set of circumstances* as GoldStar, the South Korean electronics company whose $30m convertible Eurobond was launched last week. The company is part of Lucky GoldStar, one of the country's top four business groups. It is approaching the European investment community in the warm afterglow of South Korea's move towards democracy.

At the same time, figures recently released show that the economy is booming even more than predicted. South Korea's current account surplus for the first six months reached $4.1bn, almost as high as the $4.6bn recorded for the whole of last year.

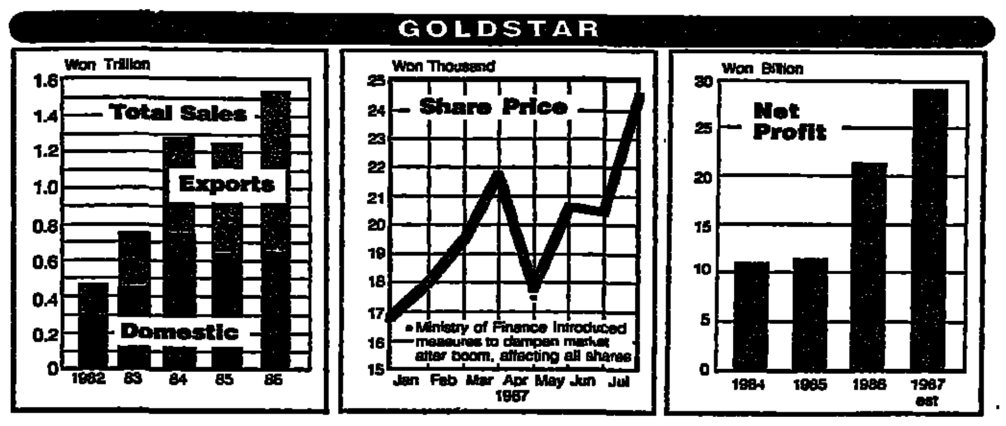
Electronics exports, GoldStar's business, rose by 64 per cent in the first half. The figures have prompted analysts to raise their profit forecasts for the company from around 23bn won earlier in the year to nearer 30bn won ($37m) today.

The GoldStar convertible bond is the fourth to be placed abroad allowing foreign investors an opportunity to acquire a future stake in the South Korean equity market, which is at present still closed to foreign investors.

Although the Ministry of Finance has said the stock market will not be opened this year, as had been widely hoped, interest remains high in what is seen as an undervalued market with large potential growth.

GoldStar is one of the two top South Korean producers of electronic and electrical goods, ranging from refrigerators and washing machines to video cassette recorders, computers and semiconductors. It follows Samsung Electronics, its main competitor, Daewoo Heavy Industries and Yukong Oil into the Euromarket.

GOLDSTAR



Bonds for all these names have recently been trading at premiums of 100 per cent or more.

The decision by GoldStar to place the paper only in Europe reflects the company's strategy to diversify away from the US market, which takes most of its exports and where it has high name recognition.

Although the company has already established a factory in Alabama, the effects of US protectionism and the appreciation of the South Korean currency against the dollar are provoking concern.

Europe offers a way out, the company believes. The issue of the bond coincides with the start-up of production at GoldStar's factory in West Germany which will produce colour television sets and video cassette recorders.

Mr Song Kim, international finance director of the Lucky GoldStar group, points to the more sophisticated investment climate in Europe as a plus point for Korean companies. Investors are more patient and reliable, he believes.

Last month, when demonstrations in favour of democracy were given wide international *publicity, the two funds* available to foreign investors—the US-based Korea Fund and the Korea Eurofund, behaved somewhat differently. Mr Oscar Strugstad, of Baring Brothers explains that the smaller Eurofund was more stable since investors were interested in the long term, while those in the US reacted in a more volatile way to adverse television coverage of events.

GoldStar's decision to base more of its production in both the US and Europe follows increasing concern about rising protectionism. Mr Koo Cha Hak, president of GoldStar, said in an interview that the rapid growth achieved under the Government's export led strategy could probably not be maintained because of protectionist pressure.

The company's other main problem was the squeeze on margins due to the high yen. GoldStar imports large quantities of components and parts from Japan. On the other hand, it has benefited by its competitive pricing against Japanese products suffering from the currency rise.

To solve these problems, diversification of export markets and localised components production were being pursued, Mr Koo said. GoldStar has also invested substantially—between 4 and 5 per cent of sales—in research and development to produce high quality, innovative products in the years ahead, a strategy analysts believe to be sensible.

GoldStar's convertible bond was trading yesterday at 150 on the grey market, against the issue price of 100, reflecting the strong demand for any kind of South Korean paper. Analysts said that the demand from Pacific investment funds had rocketed in the past few months.

In any case the country is playing a starring role for foreign investors keen on cashing in on Asian growth. For one of its top companies, the opportunity to raise money at less than 2 per cent interest on this wave of enthusiasm has been a golden one.

Big debt repayment by Green Island

BY KEVIN HAMLIN IN HONG KONG

GREEN ISLAND CEMENT, controlled by Mr Li Ka-Shing's Cheung Kong group, has cleared a portion of debt taken on board from China Cement, the Peking-linked concern it acquired early this year for HK$285m (US$36.5m), through the sale of a production facility and a placement of new shares.

Debt of HK$462m has been offset by the sale of Green sland's cement production plant at Hung Hom to Cheung Kong for HK$452m. That will be financed mainly through Cheung Kong issuing 25.8m shares to Green Island at HK$12.20 each, representing HK$315m.

In addition, Green Island has placed 8.37m new shares at HK$15.30 each, representing 9 per cent of its equity, raising HK$125m. Green Island shares traded yesterday at around HK$16.40.

Green Island's production will be relocated to a facility previously owned by China Cement at Tap Shek Kok. Brummen, China Cement's former parent which ils related to the Bank of China group, has a 17.6 per cent stake in Green Island. China Cement was reported to have debts of HK$700m when Green Island took it over.

● **Evergo Industrial Enterprise** is to acquire a stake in Oriental Daily News, a Hong Kong newspaper, with part of the HK$2.24bn raised from Friday's sale of a 34.99 per cent stake in Hongkong and Shanghai Hotels, *Reuter reports from Hong Kong.*

Mr Thomas Lau, the managing director, said Evergo would acquire a minority stake in the Chinese language newspaper, which already proposed to float its shares on the Hong Kong Stock Exchange.

INTL: COMPANIES and FINANCE

Elders IXL to be split into four

BY CHRIS SHERWELL IN SYDNEY

ELDERS IXL, one of Australia's largest multinational conglomerates, is to be broken up into four public companies under a restructuring plan endorsed by the group's board in Melbourne yesterday.

The main aim of the plan is to ensure the future growth of the group's brewing, pastoral and finance businesses through a more efficient structure.

One principal result will be a commitment by Mr John Elliott, the chairman and chief executive, to continue in his leadership role for at least three more years.

Recently he has indicated an ambition to enter politics by standing for parliament. That move will now be deferred, although he will seek the presidency of the opposition Liberal Party. Currently he is the party's treasurer.

Elders yesterday emphasised that, because a number of technical details had yet to be settled, no final decisions on the restructuring have been made. However, the board endorsed the general principles of the proposal.

Under the proposal, four new public companies would be created, each with Mr Elliott as chairman. They are:

- Elders Brewing Group, to include Carlton and United Breweries in Australia, Courage in the UK and Carling O'Keefe in Canada. It would be a partly-owned subsidiary with Mr Peter Bartels as chief evecutive.
- Elders Finance Group, a division which recently lifted its stake in four local broking firms and a London firm. It would have Mr Ken Jarrett as chief executive.
- Elders Agribusiness Group, which would combine the company's pastoral and international businesses and would have Mr Michael Nugent as chief executive. The two businesses had already been brought under his managerial control under a re-organisation begun several months ago.
- A fourth company to hold Elders' 18 per cent stake in Broken Hill Proprietary (BHP), Australia's largest company. The Elders interest in this new company would be less than 50 per cent, but Elders would maintain control over its direction.

The new company would also be set up in a manner which is consistent with Elder's obligations under its agreement with BHP last year, when BHP was the subject of a takeover bid by Mr Robert Holmes à Court's Bell Resources. That agreement set strict conditions under which Elders or Bell could dispose of their stakes in BHP.

Unaffected by the changes would be Elders Resources, in which Elders IXL currently has a 48 per cent stake. Mr Geoff Lord would continue as chief executive.

The disposal of Elders' 15 per cent stake in Goodman Fielder, the regional food giant, and a 19.9 per cent stake in SA Brewing, the Adelaide brewing company, will meanwhile increase Elders' cash flow and earnings. Plans for these disposals were revealed last week.

According to Elders, the restructuring would make it easier for shareholders to value the group's component businesses.

Management will gain increased equity participation as well as clearer responsibilities. Each company, for example, would now be able to issue its own paper to buy assets in its own interest.

Increased equity participation for Mr Elliott is dependent on a tenure commitment to be made to AFP Investment Corporation, which put up the proposals and would provide the funds to finance his increased stake. Mr Elliott would use these to purchase some of the options acquired by AFP under its deals with Goodman Fielder and SA Brewing to unwind their cross-shareholding in Elders.

Qantas soars to record result

BY OUR SYDNEY CORRESPONDENT

INCREASED tourist arrivals, a weakened Australian dollar and lower fuel prices have all helped Qantas, the state-owned international carrier, to lift profits to an all-time record for the year to March.

Figures released yesterday for the 67-year-old airline showed net earnings of A$63.4m (US$44.9m), 16.7 times higher than the previous year's figures of just A$3.8m. Pre-tax profits were A$103.6m, up from A$44.4m, while revenues increased by 27.3 per cent from A$2.01bn to A$2.56bn.

The results mean that, in the past four years alone, Qantas has earned A$273m in pre-tax profits, 77 per cent of the total since the federal government acquired all its shares in 1947.

Mr Jim Leslie, Qantas chairman, said yesterday the airline had become one of Australia's top export earners, with foreign revenues of A$1.55bn, up 30 per cent over last year.

He added that the newly-introduced fleet of Boeing 767s had added to profitability by allowing increased frequencies and flexibility on thinner routes.

A breakdown of yesterday's figures showed the group had reduced its long-term loans from A$426m to A$368m, while current liabilities were up from A$569m to A$901m. Provisions were also higher, at A$277m.

First Capital suspended for fourth time

By Roger Matthews in Singapore

TRADING in the shares of First Capital Corporation was suspended on the Singapore Stock Exchange yesterday for the fourth time in a fortnight. The lunchtime announcement, at the company's request, helped trigger more widespread selling, with the Straits Times index closing 23.38 points lower at 1,338.37.

The future of First Capital, a property company headed by Mr Altan Ng, has become the most speculative topic of conversation on the exchange during the past week. But one broker said last night: "The problems of First Capital have merely acted as a catalyst. The market has been going up in such a straight line for such a long time, there was bound to be a correction."

Three directors of First Capital, including Mr Ng, have made statements to the Commercial Affairs Department of the Ministry of Finance about share dealings.

Rumours surrounding the investigation have almost certainly ruled out a rights issue through which First Capital was planning to finance its latest property acquisition.

Cadbury Schweppes offshoot ahead

By Jim Jones in Johannesburg

CADBURY SCHWEPPES, the quoted South African confectionery and soft drinks offshoot of the UK company of the same name, almost doubled its sales in the 24 weeks to June 20 as a result of greater market penetration and an acquisition.

Turnover was R108.1m ($53.4m) against R58.7m in the corresponding period of 1986, interim operating profits before tax and finance charges rose to R8.4m from R3.4m and pre-tax profits were R7.0m against R1.8m.

Stake in Rustenburg mine for Lebowa homeland

BY OUR JOHANNESBURG CORRESPONDENT

RUSTENBURG, South Africa's largest platinum mining company, is expected to sign an agreement with the Lebowa Development Corporation today, giving the black "homeland" an interest in the company's Atok mine.

Atok is small compared with Rustenburg's other operating mines and was bought from Anglovaal about 10 years ago when it was suffering from ore reserve problems.

In the late 1970s, according to unofficial reports by former company executives, the Lebowans became concerned over Rustenburg's tardiness in establishing mining operations on the Maandagshoek farm which lies inside Lebowa near the town of Steelpoort and about 40 km south of Atok. It contains Merensky and UG2 platinum-bearing reefs.

Lebowa had been insisting that Rustenburg start mining Maandagshoek by 1987 at a minimum monthly rate of 50,000 tonnes of ore or loose mineral rights in the area.

APPOINTMENTS

New John Laing company posts

The board of directors has been formed for the recently launched JOHN LAING ETE company. John Laing ETE (Energy, Technology and Environment) is a separate holding company within the Laing Group. The company is led by chairman and managing director Mr Philip Rees. He will be supported by a team of directors—Mr Alan Chaney, Mr Clive Freestone, Mr Nigel Pitcher, Mr Jon Rushton and Mr Peter Westwood.

★

The SAVOY HOTEL has appointed Sir Oliver Wright as a director. Sir Oliver has recently retired from the diplomatic service as Her Majesty's Ambassador in Washington.

★

Mr E. F. T. (Paddy) Cribb, a director of Freemans, has been elected chairman of the MAILING PREFERENCE SERVICE. He succeeds Mr John Scott, who remains a director.

★

COUNTY NATWEST has recruited Mr Paul Lucas, formerly head gilts trader at Lloyds Merchant Bank, to join its own gilt-edged market-maker. Mr Lucas will be joining as an associate director to strengthen the trading team.

★

Mr Julian Summer has been appointed an executive director of MERRILL LYNCH EUROPE as head of equity syndicate. He was previously with Swiss Bank Corporation International (SBCI), where he became an executive director in 1985 with senior marketing responsibilities, including Canada.

★

Mr D. S. McAdam has been appointed finance director of ISLE OF MAN ENTERPRISES. Mr K. A. Oxenforth remains on the board as a non-executive director.

★

Mr James P. Schadt, chief executive of North American operations, has been appointed to the board of CADBURY SCHWEPPES.

★

Mr John Lusty has been appointed financial director of INCOMTEL engineering group. He was previously with Unilever.

★

RINGTONS has appointed Mr Simon Montgomery Smith to its board. Simon is the great grandson of Samuel Smith, the founder of Ringtons.

★

CRANE FLUID SYSTEMS has appointed six board directors. Marketing manager Mr Guy Chant is appointed marketing director, and sales manager Mr Arthur Hawker becomes sales director. The company has also appointed an operations director Mr Jack Lilley, a financial director Mr Neill Guthrie and a purchasing director Mr Roy Nunn. A technical director will be appointed shortly.

★

The holding company of the DECOSOL GROUP has appointed Mr S. E. Kay as chairman. He was an executive director at Pilkington Brothers.

★

THOMSON TRAVEL has appointed Mr Paul Brett as deputy managing director of the Thomson Travel Group from September 1. He is managing director Thomson Holidays. The new managing director of Thomson Holidays will be Mr Charles Newbold.

Mr Paul Brett, deputy managing director of Thomson Travel Group

★

BOVIS CONSTRUCTION has appointed executive director Mr Roger Mabey as head of the company's Scottish operations.

★

Mr Stephen Dawson, Mr Martin Makey and Mr Ian Salkeld have been appointed partners of ECI VENTURES.

★

Mr R. L. Payton (a director of Great Portland Estates, and Davies and Newman) and Mr A. Zambra (formerly managing director of various Trafalgar House subsidiary companies and a director of Trafalgar House Construction Services) have been appointed non-executive directors of ROSKEL HOLDING COMPANY.

★

Mr Alan Miles, formerly Crown House Tableware's deputy managing director, has been appointed managing director of EDINBURGH CRYSTAL.

★

Mr David Stuart Hewitt, a partner with Ernst & Whinney in Manchester, has been appointed to the board of the CHESHIRE BUILDING SOCIETY as a non-executive director.

UK COMPANY NEWS

Strong financial markets boost Reuters profit 43%

BY RAYMOND SNODDY

Reuters Holdings, the financial information and news group, yesterday announced pre-tax profits of £81.6m for the first half of 1987, up 43 per cent on the same period last year. Revenue of £400.4m was 49 per cent higher.

Mr Glen Renfrew, managing director and chief executive, said that demand from the financial markets was strong for Reuters information and dealing, and for client systems produced by its subsidiary Rich Inc.

Demand for client systems—total communications systems in dealing rooms—increased by nearly 1½ times and accounted for 16 per cent of total revenue.

Mr Renfrew said Reuters was still looking for acquisitions but the company was getting increasingly choosy and "the big task now is to integrate the acquisitions of the past couple of years."

The main revenue growth came in Europe, up 60 per cent at £226.4m, but Reuters North America also increased its revenues from £56m to £80.6m—a rise of 44 per cent.

The Reuters chief executive conceded that Instinet, a recent acquisition which provides an international automated trading facility for equities and options, was still losing money but said he hoped it would be in profit by next year.

Information about money in all its forms accounted for 56 per cent of Reuters revenues with securities 13 per cent, commodities 8 per cent, and with media interests falling to only 7 per cent of total revenues.

Mr Renfrew said he was not happy to see media as such a small proportion of the whole but that the 17 per cent growth in the sector had been swamped by the percentages coming from financial services.

Profit after tax rose by 44.8 per cent to £51.4m and earnings per share rose by 43.1 per cent to 12.2p from 8.6p.

An interim dividend has been declared of 2.3p compared with 1.75pu—an increase of 31 per cent.

The number of installed video terminals rose 41.4 per cent to 121,278 from 85,799 a year ago.

Mr Renfrew warned that the company did not expect results for the year as a whole to match the large percentage gains in of the first half, largely because of the strong performance in the second half of 1986.

"However new orders are buoyant and, subject to currency and other uncertainties, we do expect continued good progress in line with Reuters high growth targets, Mr Renfrew said.

See Lex

Gestetner jumps to £8.5m

BY CLAY HARRIS

Gestetner Holdings, the office equipment group, increased pre-tax profits by two thirds and more than doubled earnings per share in the first half, as the new Australian management displayed the first fruits of its cost-cutting regime.

It predicted that results in the second half, traditionally a slack period, would at least match the interim figures.

Extraordinary provisions of £9.5m were likely to be sufficient to complete the "group revival plan" put into effect by AFP Investment Corporation, which owns 14 per cent of Gestetner. Only £1.5m of the costs were actually incurred in the first half.

The company has already closed the stencil manufacturing unit at Appeldoorn in the Netherlands, closed Gestetner Byfleet, its drum manufacturing and service subsidiary, and stopped US development of desk-top publishing. It has also closed its Norwegian sales operation and begun the restructuring of sales networks in the UK and North America.

In addition to its shake-up of the worldwide distribution, Gestetner at present is concentrating on "incremental enhancements" to its existing range rather than blockbuster new products, Mr Basil Sellers, chairman and managing director, said yesterday.

According to Mr Gregory Melgaard, deputy chairman, these included a labelling machine built by Merline of the US, a facsimile machine built by Xerox, and an offset printer

All examples illustrate AFP's intention to cash in on the Gestetner name and sales network and to minimise the company's own manufacturing operations.

The pre-tax advance from £5.1m to £8.5m came on turnover 12.4 per cent ahead at £215.6m in the 26 weeks to May 2. At the operating level, margins improved from 4 per cent to 5 per cent.

Turnover increased in every market, and profits were ahead everywhere except in the western hemisphere, which was hit by problems in Canada and Latin America.

The dramatic improvement in earnings per share reflected a sharply lower tax change, which the company expects to maintain at the same level for the full year. Gestetner reported basic earnings of 9.91p (4.73p) and a figure of 8.05p (3.91p) taking into account the dilution if AFP exercises its share options.

The interim dividend was maintained at 0.5p on ordinary shares and raised to 0.073p (0.071p) on ordinary capital shares.

● comment

The Australian strategy is going to plan and has lifted Gestetner much more quickly than supporters, not to mention sceptics, expected. The £115m second wave of capital looks incerasingly irrelevant to Gestetner's foreseeable needs and is unlikely to be summoned until AFP revs up the vehicle for new excursions. UK profits would come in handy in this regard to help to soak up an ACT backlog of £3.7m. In the meantime, AFP's initial £14m injection and the positive cash flow from operations should be sufficient to fund the meagre capital requirement for the present course. Margins should continue to improve in the second half, with pre-tax profits reaching £19m for the full year, excluding an expected £6m exceptional credit from property sales. This puts ordinary shares, 7p higher at 280p, and ordinary capital shares, up 3½p to 280½p, on a prospective multiple of 16. They should float even if others sink.

Quadrex approach to Mercantile House

By Clay Harris

Quadrex Securities, the London-based investment banking company, said yesterday that it had approached Mercantile House Holdings, the financial services group which has accepted a £490m takeover bid from British and Commonwealth Holdings, with an alternative proposal.

Both B & C and Quadrex also disclosed market purchases of Mercantile shares on their behalf.

Mr Gary Klesch, Quadrex chairman, said that he had approached Mr John Barkshire, Mercantile chairman, at 3 pm on Friday. "I presented them with a proposal worth significantly more than the B & C offer," he said.

Mr Klesch would not disclose the terms of his proposal. It is believed, however, that any formal bid would depend on Mercantile agreeing to a partial demerger. Quadrex would not want Oppenheimer, the US fund management group, but is likely to be nietrested in the money broking activities which B&C has agreed to sell to Credit Lyonnais.

Mercantile and S. G. Warburg, its merchant bank, were not available to comment. Mr John Gunn, B&C chairman, said that his company's advisers learned of the Quadrex approach only after the share purchases were announced yesterday. Warburg told B&C's advisers that the propousal 'did not involve an alternative bid," Mr Gunn said.

Market purchases yesterday of 6.15m shares at 535p by Barclays de Zoete Wedd and Phoenix Securities raised B&C's interest in Mercantile to 12.7 per cent. B&C had to wait until yesterday to buy because it only became clear late on Friday how many Mercantile shares were held by the various constituents of the group, include the Gartmore funds, and which if any would be deemed to be held in concert.

Samuel Montagu announced meanwhile that it had bought a total of 1.15m Mercantile shares last Friday and yesterday at prices ranging between 500p and 535p. Although Montagu acted as principal, any profits or losses on the stakes accrue to Quadrex. The total stake held under these arrangements is now 2.3 per cent.

Terry Dodsworth on GEC's latest US acquisition

Chipping away at the cash mountain

THE General Electric Company made a couple of strong statements about its acquisition policy yesterday.

The first, the $250m deal to purchase Gilmarco of the US, underscored its strategy of tranatlantic investment in areas related to its UK activities.

The second, contained in the chairman's annual message to shareholders, emphasised that the new, hyper-active approach would continue.

Gilbarco is the fifth deal announced by the UK electrical and electroncis group in the last four months. It is also the biggest, involving a cash payment of $250m, and bringing manufacturing activities employing 3,500 people around the world into the group.

As a result of the trasaction, GEC's petrol pump and service station equipment manufacturing business will have around 40 per cent of the US market and 50 per cent of the UK's.

Given GEC's size, with sales last year of almost £6bn, the expenditure on Gilbarco may sound like small beer. But GEC has made it abundantly clear over the last few months that it is now set firm on a course to spend some of its celebrated cash mountain, standing at the end of March at about £1.8bn.

Gilbarco is only one deal in a sequence of transactions which can be expected to continue—the point rammed home yesterday in the statement by Mr James Prior, the group's chairman.

In this message to shareholders, Mr Prior said that the company was looking for expansion both through acquisition and "joint arrangements," stressing that GEC was positioning itself to take advantage of restructuring in the electrical, electronics and power generation businesses.

New technology, he said, tended to reduce the number of companies that could be sustained by world demand, and rationalisation would continue in the UK and Europe.

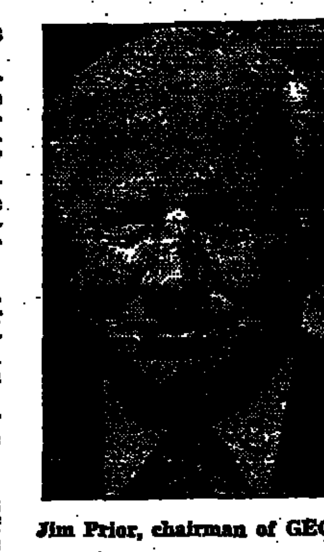
"We are ready to play our part and to take a constructive stance on how the appropriate changes can best be achieved."

Mr Prior's statement does not, however, answer one of the key questions the City is asking about GEC: will it go for a blockbuster bid that would not only eradicate the cash mountain, but give the company a decisive change of direction?

There is probably no simple answer to these takeover strategy questions. If the right, large-scale acquisition opportunity emerged, GEC would undoubtedly take it.

But investors have become increasingly aware over the past few years that the group's caution and stringent requirements for return on investment put a large number of possibilities out of its range.

In addition, many big takeover prospects in the UK are fraught with monopolies problems which the group has no stomach to take on after the Monopolies and Merger inquiry into the Plessey bid; and while there are plenty of openings for large acquisitions in the US, they tend to be too expensive for GEC's taste.



Jim Prior, chairman of GEC

Because of these constraints on prospective mega-deals, there is a growing feeling among investors that GEC will confine itself to smaller projects such as the Gilbarco acquisition.

These have the advantage of playing to one of the strengths of the group, namely, its decentralised management structure which can throw up information about acquisition opportunities which is not immediately available to head office.

Indeed, the Gilbarco transaction arose in just this manner, when the Power Distribution Group, run by Mr Douglas Gadd, realised a few weeks ago that the US company was open to offers.

"The whole deal was negotiated in just two and a half weeks," says Mr Gadd.

The Gilbarco announcement was not greeted with great enthusiasm in the City yesterday, which left GEC's shares unchanged at 288p of the close after an earlier setback.

Part of this was probably a reaction to the group's failure to acquire the avionics activities of Lear Siegler, the Californian avionics company which was bought by Smiths Industries of the UK last week.

Avionics is a high-profile, high technology business, whereas the perception of Gilbarco is of a medium-technology group operating in a mature market.

Nevertheless, Gilbarco fits perfectly with the current style of GEC acquisitions. It will consolidate GEC's position in a niche market world-wide, holds out some possibility of technological cross-fertilisation, and was not too expensive—about 17 times earnings on last year's figures.

Despite the low technology image, it gives GEC a bigger foothold in the developing market for computerised point-of-sale terminal equipment, which is now big business in the US petrol station market.

Over time, some analysts believe that this sort of infilling strategy, building up world competitors from its present base, could make a big impact on GEC's earnings.

But even the optimists believe that such an approach will take time to work through in any significant fashion—which is why there are still many punters who believe that GEC will be forced to make a big acquisition if it is to answer the criticisms about its faltering growth.

GEC ACQUISITIONS AND MERGERS SINCE APRIL 1987

Picker: joint venture with Philips' medical electronics—GEC to put in between $150m and $200m.

Hotpoint: acquisition of Creda domestic appliance business for £125.9m.

Avery: 31 per cent stake in measuring equipment business of Berkel of the Netherlands—£6m.

Computer division: acquisition of Micro Scope software group for £16m.

Power Distribution Group: acquisition of Gilbarco for $250m.

Greggs advances 24% to £1.1m

Greggs Newcastle-based baker and retailer of groceries and provisions, lifted its pre-tax profits, before property disposals, by 24 per cent to £1.13m in the 24 weeks ended June 13.

After taking in profit on property disposals the increase was 31 per cent to £1.19m compared with £911,000 for the corresponding period of the previous year.

Mr Ian Gregg, chairman, said that consistent progress was being made in all of the established divisions. The company had also made considerable progress in its Welsh division but was experiencing more difficulties than envisaged in its new Enfield division. But Mr Gregg said the potential remained huge in the London area.

Six new shops had been opened since the beginning of the year and a further seven were planned. After allowing for closures and resites the company would have a lower than normal number of additional shops, the main priority being to refit more existing shops in line with its new corporate image.

Results for the full year, Mr Gregg said, were expected to show a steady improvement on last time.

Turnover in the first 24 weeks rose from £24.81m to £28.02m and operating profits were up from £858,000 to £1.05m. Interest received was £74,000 (£53,000) tax charged was £452,000 (£364,000) and minorities amounted to £8,000 (£13,000).

Earnings per 20p ordinary worked through at 6.75p (4.94p). The interim dividend is increased from 2p to 2.5p; the total payment last year was 5.7p.

● comment

Greggs is taking things slow and steady, but producing respectable profits growth along the way. This is despite having to expend considerably more time and energy on the Enfield acquisition than was expected, including gutting and renewing the bakery and replacing the fleet of delivery vans. Shop refurbishment likewise continues at a steady pace, with new style outlets producing between 10 and 20 per cent sales growth. The management admits that the remainder of the year will see consolidation as well as growth, with some shops closed or resisted. The group has around £2.8m in cash, but is in no hurry to spend it unless the right acquisition comes along. The Welsh chain is expected to produce a profit in the second half of this year and Enfield by next year, helped by the arrival of a new sales director from the Birmingham operation. The City expects around £3.9m next time, which on last night's closing share price of 495p produces a prospective p/e of around 22½, a slight premium to the sector and seen as a medium to long-term option.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div	Total for year	Total last year
Astra Holdings	0.25	—	—	0.25	—
Baker Harris	2	Oct 2	—	2	—
Baltic ....int	1.2	—	1¶	—	3.5‖
Border TV	0.8	—	0.6	1.4	1.25
Brasway	0.85	—	0.63*	1.35	1.13*
Bullough ....int	4.3	Sept 9	3.2	—	10.6
Control Techniques int	1.25	Sept 20	1	—	3
Cowan de Groot	†1.25	Oct 1	1.25	2.5	2.5
Gestetner ....int	0.5	Sept 18	0.5	—	1.5
Greggs ....int	2.5	Oct 13	2	—	5.7
Robert H. Lowe ...int	†1	Sept 3	0.5	—	1.7
Mountleigh Group	2	Oct 1	1.17*	3	1.67*
Newman Inds ....int	0.5	Nov 2	0.5	—	1.3
Reuters ....int	2.3	—	1.75	—	5.5
Tribble Harris ....int	1.6‡**	—	—	—	—

Dividends shown pence per share net except where otherwise stated. * Equivelent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Third market. ‖ Dividends totalling 3.5p were paid for 17 months period equivalent to an annual rate of 2.47p which would have been paid as 1p interim and 1.47p final. ** US cents.

Holmes à Court lifts Sears stake to 5.51%

By Nikki Tait

Mr Robert Holmes à Court, the Australian entrepreneur, yesterday confirmed that he has increased his stake in Sears, the UK stores and footwear group.

Through Perth-based Bell Group and an associate company, J. N. Taylor, the direct interest in Sears has risen from 60.7m shares to 68.7m or 5.51 per cent. With Sears shares up 4p at 178½p yesterday, the stake is valued at £122.6m.

However, Mr Holmes à Court also appears to have been active again in the London traded options market. The two companies have now written put options involving 20m Sears shares. When the initial Sears stake was disclosed two weeks ago, the put options involved 18.8m shares.

Blue Circle £22m US buy

Blue Circle Industries has acquired Raia Industries, an aggregates and readymix concrete producer in New Jersey. Total consideration including debt was approximately US$35m (£22m).

Raia has extensive aggregate reserves and currently produces around 1m tons of aggregate a year. It is also the largest readymix concrete producer in northern New Jersey, producing over 700,000 cubic yards a year from eight locations.

The acquisition strengthens Blue Circle's position in the north-east of the US where it already has substantial cement manufacturing and trading interests.

Hawley in £14m Australian deal

Hawley, the services company chaired by Mr Michael Ashcroft, is to buy Berkeley Group, an Australian cleaning company, for A$31m (£13.7m).

Berkeley, which refurbishes building exteriors and cleans offices, hospitals and schools, will be added to the group's existing building services company, Challenge Property Services.

Mr Ashcroft also announced the group has completed the purchase of Crime Control, the US security group, for $51m (£32m).

Powell Duffryn buys HPS for £2.85m

Powell Duffryn, the fuel distribution, bulk storage and shipping group has bought the fuel distribution operations of Hunting Petroleum Services for £2.85m.

The business operates primarily in the Midlands and South-east, with 50 per cent of sales going to petrol stations. Nineteen-eighty-six turnover was £22m.

The acquisition complements Powell's subsidiary, UK Petroleum Products

Mountleigh meets City forecasts with £34m

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

TRADING INCOME of Mountleigh, the West Yorkshire based property group, exploded during the last financial year, lifting pre-tax profits more than three and a half times to £33.57m.

Mountleigh announced yesterday a final dividend of 2p a share, which added to the interim adjusted for the five-for-one scrip issue, brought *total payments for the year to* 3p, against an adjusted 1.67p for 1985-86.

Earnings per share, fully diluted, were 17.74p after 11.21p in the previous financial year.

Pre-tax profits for the year to April 30 rose by £24.34m from £9.22m earned in 1985-86. Turnover was £135.05m compared with £42.39m, as trading revenue climbed to £124.76m from £37.19m and rental income nearly doubled to £10.29m.

The figures were at the top end of the City's expectations but, with the market trading indecisively, the Mountleigh shares, which have been a favourite in the sector, managed only a rise of 3p to 307p.

The bulk of Mountleigh's income stems from property trading—it has only a small although growing development business.

Over the past financial year it sold on the greater part of the London City and Westcliff portfolio and the United Real Property Trust holdings. But the latter entered the figures below the line, as investment properties, leading to a profit of £26.6m, transferred to capital reserves.

After the payment of dividends, the retained profit was £16.2m, a further boost to the company's resources. At the moment it has £60m in cash holdings and £110m in unused financial facilities.

● comment

The heady level of profits at *Mountleigh* has come on the back of the strong property market in the south east. This has allowed full rein to the opportunism that is the hallmark of the management style adopted by Mr Tony Clegg, the chairman. More sales are in prospect—the former home of The Times in Grays Inn Road, central London should come through shortly. But the current year's figures will depend crucially on Mountleigh's ability to trade on the Stockley portfolio it bought for £365m last May. The Stockley business park near Heathrow will be held until completed and let but City properties will be sold on after joint ventures have been tidied up. Given its stock of prime trading properties, Mountleigh should manage to keep up its heady profits growth at least for the current year. Predictions of £80m pretax for 1987-88 are therefore not unrealistic. This would give earnings per share of 21.8p and a prospective p/e of 14.1. At the end of the last financial year, the group had a net assets value per share of 170p but purchases this year should mean an increase to around 275p, narrowing the gap with the share price. How long Mountleigh can keep up the profits growth depends on the strength of the property market, the future of which is anybody's guess. But as a safeguard against the downturn there is a growing, if undramatic, stream of rental income.

Adscene mini offer for sale

BY RICHARD TOMKINS

Adscene, a Kent-based newspaper publisher and printer, is to become only the second company to come to the stock market through the mini offer for sale method introduced by the Stock Exchange last October. The first was Computer People in May.

Stockbroker Capel-Cure Myers is selling 3.6m shares in Adscene at 110p each, half of them through a placing and half through an offer for sale. The £3.9m proceeds will be split evenly between the company and its founder, Mr Harry Lambert.

Adscene comprises two businesses. It publishes eight free weekly newspapers under the Adscene title in Kent, and it undertakes the contract printing of newspapers and magazines

The prospectus for the flotation shows pre-tax profits rising from £9,000 in 1982 to £1m in the year to May 1987 in spite of a downturn in 1985 caused by the unsuccessful launch of four new editions in the Midlands and Sussex.

The shares are being offered on an historic price/earnings multiple of 17.7. Capel-Cure Myers sals the mini offer for sale method has been chosen to give Adscene readers an opportunity to subscribe for the shares.

The prospectus notes that Mr Lambert was fined £2,000 for VAT offences relating to the period 1979 to 1982.

● comment

The market's lack of experience with freesheet publishers makes Adscene tricky to assess. On the downside, the newspapers are already at saturation point in their home territory and the 1985 experience shows the dangers inherent in attempting to start new titles. The printing side has produced big profits increases in the wake of deunionisation and the introduction of new webb offset presses, but the plants are approaching full capacity and further investment will be required if the momentum is to be sustained. Further, any downturn in the currently buoyant advertising revenues would eat into profits. But advertising revenues are still growing, the company says existing inquiries would justify spending on more printing capacity, and a quotation will enable the group to expand its publishing operation by acquisition. In the long term, that might test the breadth and experience of the existing management: but for now, the price does not look overly demanding for a company likely to show 25 per cent profits growth this year, and Adscene readers will doubtlesss see the offer well subscribed.

SHARE STAKES

Kalon Group—Director J. B. McDonald exercised option and sold 150,000 ordinary at 66.8p.

James Finlay—Director A. S. Mortimer exercised his option and acquired 35,000 ordinary at 58p and disposed 32,000 ordinary at 124p. He now holds 13,433 (0.0144 per cent).

Welpac—Director S. Lavender sold 164,800 shares at 38p; director A. H. Burnett sold 10,000 shares at 35p.

Dixons — Director M. J. Souhami sold 81,500 ordinary at 373p. A family trust of which he is a trustee sold 18,500 ordinary at 373p.

Unigate—Director A. R. Dare sold 20,000 ordinary at 435p.

Travis and Arnold—Director R. C. Godbar acquired 17,500 shares at 25p and disposed of 6,500.

Folkes Group—The following directors sold non-voting ordinary: C. J. Folkes (70,000); C. J. Folkes Childrens' Trust (30,000); D. J. Newey (40,000); and Mrs M L. Newey (10,000).

Maxwell ends his Harcourt legal fight

By Clay Harris

MR ROBERT MAXWELL said last night that he would not pursue his US legal battle against Harcourt Brace Jovanovich. This followed a ruling in a New York federal court on Friday which refused to grant an injunction against the US publishing group's $3bn (£1.87bn) recapitalisation plan.

Harcourt had devised the "poison pill" in May to repel the $2bn takeover bid from Mr Maxwell's British Printing and Communication Corporation, which withdrew its offer. BPCC then mounted a number of legal actions against the Harcourt plan in state courts. All of these failed.

Mr Maxwell said last night: "Although BPCC did not achieve its ultimate goal of acquiring HBJ, we are pleased that our efforts have greatly benefited the shareholders which included BPCC."

Bristar purchase

Bristar, the S & W Berisford food subsidiary, has agreed in principle to buy Germain's, a Los Angeles-based seed company.

The acquisition is the first since Berisford launched Bristar, which includes British Sugar, as its agribusiness vehicle earlier this month.

Germain's breeds and pellets seeds, with wholly-owned subsidiaries supplying European markets, including the UK and Ireland. Total annual sales amount to about £16m. The price has not yet been disclosed.

Newman Tonks

Newman Tonks is entering the US door and window market through the acquisition of Jenkins Manufacturing Company for $5.7m (£3.6m).

Goode Durrant pays £26m for Laidlaw

BY TERRY POVEY

Goode Durrant, the financial services, trading and property company yesterday announced an agreed offer of £26m for Ford distributor Laidlaw. Last week Goode made an £4.2m takeover of car hire company Northgate Motor Holdings.

Laidlaw, which has net assets including a possibly undervalued property portfolio worth about £8m, owns five Ford main dealerships. Mr Cedric Howson, a Goode director, said that together with Northgate it would form the company's motor division and would be run by existing management led by Mr Mac Robertson of Laidlaw. Goode's 10 per cent holding in motor dealer Perry Group was sold for £2m profit in May.

Mr Howson said that Goode planned to increase the number of dealerships it owned if Ford revises its current policy, which allows a maximum of five, to allow ownership of up to eight. Ford has given oral approval of the Laidlaw takeover, he added.

The offer—six new Goode shares for every five in Laidlaw or 288p cash underwritten by stockbrokers Barclays de Zoete Wedd—has been accepted by holders of 57.8 per cent of the target company's shares. Full share aceptance would see the issuing of some 9.2m shares which would have negligible impact on Goode's earnings, said Mr Howson. In 1986, Laidlaw reported pre-tax profits of £1.1m on sales of £54m.

Among the attractions of Laidlaw was its portfolio of former motor sales sites available for development and its contract hire and leasing possibilities. Mr Howson said that this fitted in with Goode's plans to expand in both financial services and property, where it was actively looking for further acquisitions.

CI making £18m agreed purchase of Bipel

BY NIKKI TAIT

CI Group, the West Midlands-based steel and engineering company, is making its largest acquisition to date with an agreed takeover of Bipel, a neighbouring engineering concern.

Bipel, which only came to the USM a year ago, supplies compression moulding machinery, designs and builds packaging machinery and offers precision engineering services.

Under the deal CI is offering to swap one of its own shares —down 1¼p to 91¼p yesterday— for every one in Bipel. There is also an underwritten cash alternative of 84p. Directors of Bipel, who own 11.5m shares, or 5.7 per cent, have agreed to accept, taking cash in respect of 1.5m shares and retaining CI paper for at least 12 months in respect of the rest.

The paper terms value Bipel at £18.3m. At the last end-December balance sheet, net assets were put at £4m, while pre-tax profits rose from £973,754 to £1.26m

However, Mr Cedric Grew, managing director of CI, said yesterday that the acquisition's net cash balance of £1¼m would be useful in bringing down gearing at CI.

A consortium led by Mr Ahmed Abdullah, a brother of Raschid and Osman Abdullah who head Evered Holdings, acquired a 14.4 per cent holding in CI two weeks ago.

CRH makes two more US buys for £8m

By Hugh Carnegy in Dublin

CRH, Dublin-based construction materials group, formerly Cement Roadstone Holdings, yesterday announced two US acquisitions worth a total of $13.5m (£8.42m).

Boorhem-Fields Inc, its 50 per cent associate in Texas and Oklahoma, is paying $9m cash for the fixed assets and inventory of St Francis Materials, which produces 2m tons of aggregates annually from eight locations in Arkansas and sells to the highway, railroad and general construction sectors. Trading profits last year were $1.4m on sales of $9m.

CRH is buying for $4.5m cash the assets of Miller Material Co, which makes concrete masonry in Kansas City. Its profits were $1.16m on sales of $4.3m.

Pre-tax profits of CRH rose 29 per cent last year to I£35.5m (£32.13m) and the company has spent I£40m on acquisitions in Europe and the US this year, following £54m last year.

Operations outside the depressed Irish Republic contributed 63 per cent of profits in 1986.

Brasway

Brasway, West Midlands engineer, raised profits from £1.31m to £1.4m pre-tax in the year to May 2 1987. All divisions started the current year well and the directors said prospects remained extremely good both for the short and medium term.

A final dividend of 0.85p raises the total from an equivalent 1.125p to 1.35p. Shareholders will be offered shares as an alternative to the cash dividend. A further scrip issue on a one-for-one basis is also proposed.

NOTICE OF REDEMPTION

To the Holders of

INA OVERSEAS FINANCE N.V.

(now CIGNA Overseas Finance N.V.)

6% Convertible Subordinated Debentures Due August 1, 1997

and

8¾% Convertible Subordinated Debentures Due September 1, 2000

(Convertible into Common Stock of CIGNA Corporation)

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indentures dated as of August 1, 1977 and September 1, 1980 among INA Overseas Finance N.V. (now CIGNA Overseas Finance N.V.) (the "Company"), INA Corporation, as Guarantor, and Morgan Guaranty Trust Company of New York, as Trustee, under which the above Debentures (the "Debentures") were issued, as modified by the First Supplemental Indentures dated as of March 22, 1982, among the same parties and, in addition, INA Merger Corporation and CIGNA Corporation (hereinafter collectively referred to as the "Indentures"), the Company has elected to redeem all of the outstanding Debentures on September 2, 1987 (the "Redemption Date") at the Redemption Price of 100.5% of the principal amount of the 6% Debentures and 101.5% of the principal amount of the 8¾% Debentures, together in each case with accrued interest to the Redemption Date.

For each $1,000 principal amount of 6% Debentures, the Redemption Price will be $1,005 and accrued interest from August 1, 1987 to the Redemption Date will be $5.1667, for an aggregate amount of $1,010.1667. For each $1,000 principal amount of 8¾% Debentures, the Redemption Price will be $1,015 and accrued interest from September 1, 1987 will be $.2431, for an aggregate amount of $1,015.2431. On the Redemption Date, the Redemption Price and accrued interest will become due and payable upon each such Debenture. Interest on the Debentures will cease to accrue on the Redemption Date and no interest will accrue on the Debentures thereafter. The coupons on the Debentures maturing after the Redemption Date will be void.

Payment of the Redemption Price and accrued interest will be made upon presentation and surrender of the Debentures, together with all coupons appertaining thereto maturing after the Redemption Date, either, at the option of the holder and subject to any laws or regulations applicable thereto in the country of any such office, (a) with respect to all Debentures, at the Corporate Trust Office of Morgan Guaranty Trust Company of New York, 30 West Broadway, 13th Floor, New York, New York 10015, or at the main offices of Morgan Guaranty Trust Company of New York in Brussels, Frankfurt/Main, London, Paris and Zurich, Amsterdam-Rotterdam Bank N.V. in Amsterdam, Banque de L'Indochine et de Suez in Paris, Banque Internationale a Luxembourg S.A. in Luxembourg, Credit Suisse in Zurich, Deutsche Bank AG in Frankfurt/Main, Morgan Grenfell & Co. Limited in London and Orion Bank Limited in London; or (b) additionally, with respect to the 6% Debentures, at the main office of Banque de Suez Luxembourg S.A. in Luxembourg; or (c) additionally, with respect to the 8¾% Debentures, at the main offices of Banque Bruxelles Lambert S.A. in Brussels and Swiss Bank Corporation in Basle.

Conversion Option

Holders of the Debentures have the right under the Indentures, on or before the close of business on August 28, 1987, (1) to convert each $1,000 principal amount of the 6% Debentures into (a) 26.3924 shares of Common Stock of CIGNA Corporation ("Common Stock") and (b) at such holder's election, either an additional 2.0626 shares of Common Stock or cash in the amount of $132.2355 and (2) to convert each $1,000 principal amount of the 8¾% Debentures into (a) 20.3190 shares of Common Stock and (b) at such holder's election, either an additional 1.5880 shares of Common Stock or cash in the amount of $101.8064.

The elections set forth in sections (1)(b) and (2)(b) above arise from the redemption on July 13, 1987 of all of the $2.75 Cumulative Convertible Preferred Stock ("Series A Stock") into which Debentures were formerly convertible. The Indentures provide that holders who elect the conversion option have the right to elect to receive either the Common Stock into which such Series A Stock was convertible at the conversion ratio of .42212 of a share of Common Stock for each share of Series A Stock that would have been received upon conversion prior to redemption of the Series A Stock, or to receive cash equal to the redemption price he would have received if he had converted his Debentures into Series A Stock and then had such stock redeemed, without interest or dividends in either case.

In order to exercise the conversion privilege, holders of Debentures to be converted must surrender such Debentures with all unmatured coupons appertaining thereto at any of the offices of the Paying Agents specified above before the close of business on August 28, 1987. Debentures surrendered for conversion must be accompanied by written notice executed by the holder specifying that the holder elects to convert such Debentures and specifying whether he elects additional Common Stock or cash in place of the Series A Stock to which he would have been entitled prior to its redemption. Such notice must also state the name or names (with address and, in the case of U.S. persons, taxpayer identifying number) in which the certificates for shares of Common Stock are to be registered. No fractional shares of Common Stock will be issued upon conversion of Debentures, but in lieu thereof, the Company will pay a cash adjustment in respect of any such fractions in an amount equal to the same fraction of the closing price per share of the Common Stock on the business day on which the Debentures are surrendered for conversion. Upon surrender of Debentures for conversion as aforesaid, the rights of the holders of such Debentures as such holders shall cease.

In accordance with the terms of the Indentures, no payment or adjustment will be made upon conversion for interest accrued on the Debentures or for any cash dividends on the shares of Common Stock issuable upon conversion.

Please note that in order to effect conversion, Debentures must be in the physical possession of one of the Paying Agents not later than the close of business on August 28, 1987. Delivery of Debentures to any of the Paying Agents after the close of business on August 28, 1987, regardless of instructions in any conversion notice, will result only in payment of the Redemption Price and accrued interest to the Redemption Date as set forth above.

CIGNA OVERSEAS FINANCE N.V.
(Formerly
INA OVERSEAS FINANCE N.V.)

Dated: July 28, 1987

Any payment made by transfer to an account maintained by the payee with a bank in the United States may be subject to reporting to the United States Internal Revenue Service ("IRS") and to backup withholding of 20% of the gross proceeds if payees who are not recognized as exempt recipients fail to provide the Paying Agent with an executed IRS Form W-8, in the case of non-U.S. persons, or an executed IRS Form W-9, in the case of U.S. persons. Under the Interest and Dividend Tax Compliance Act of 1983, the Paying Agent may be required to withhold 20% of any gross payments made within the United States to certain holders who fail to provide the Paying Agent with, and certify under penalties of perjury, a correct taxpayer identifying number (employer identification number or social security number, as appropriate) or an exemption certificate on or before the date the Debentures are presented for payment. Those holders who are required to provide their correct taxpayer identifying number on IRS Form W-9 and who fail to do so may also be subject to a penalty of $50. Holders should therefore provide the appropriate certification when presenting Debentures for payment.

Automobiles Peugeot — Automobiles Citroën

Multi Option Financing Facility
2.000.000.000 FRF 1987-1992
Agent PEUGEOT S.A.

Lead Managers

Banque Nationale de Paris — Banque Paribas
Crédit Lyonnais — Société Générale

Underwriting Banks

Banque Française du Commerce Extérieur — Crédit Commercial de France
Crédit Industriel et Commercial
Morgan Guaranty Trust Company of New York
Banque Indosuez — Banque de Neuflize Schlumberger Mallet
Banque Vernes et Commerciale de Paris — Barclays Bank S.A.
Compagnie de Crédit — Crédit du Nord — Unicrédit
Al Saudi Banque S.A. — Banque Internationale pour l'Afrique Occidentale
Banque Worms — Caisse Centrale des Banques Populaires
La Compagnie Financière Edmond de Rothschild Banque — L'Européenne de Banque
Union des Banques Arabes et Françaises

Tender Panel Members

Amsterdam Rotterdam Bank NV — Banco de Bilbao
Banque Transatlantique — Bayerische Vereinsbank S.A. — Banco de Santander
Crédit Industriel de l'Ouest — Commerzbank
Midland Bank S.A. — Royal Bank of Canada — Istituto Bancario San Paolo di Torino
Via Banque — Société Lyonnaise de Banque

This announcement appears as a matter of record only.

UK COMPANY NEWS

Acquisition benefits help Bullough to £8m

Bullough produced a £2m advance in pre-tax profit for the six months to April 30 1987, of which £1.1m came from acquisitions and the balance from continued progress in other activities.

Turnover for the period rose 31 per cent to £71.5m (£54.68m) and the operating profit 40 per cent to £8.42m (£6m). This time, however, there were interest charges of £254,000 (received £135,000) so restricting the pre-tax profit increase to 32.5 per cent, from £6.16m to £8.16m.

Mr Derrick Battle, managing director, said further, though more modest, progress was expected in the second half to give a satisfactory increase in earnings for the year over the 37.83p reported for 1985-86.

The balance sheet remained strong and further acquisitions were being investigated. Acquisitions last year were the Hubbard-Reader Group of Reznor.

The group makes office, energy, electrical and other engineering products. Mr Battle said office products and heating made good progress. There was some disappointment in the level of deliveries by refrigeration maker George Barker, but that was offset by the return to a healthy profit by Beanstalk.

At Newton Derby, the alternator manufacturer, a run down programme was initiated recently because of the lack of orders. That will involve substantial redundancies and net extraordinary costs of the order of £1m, said Mr Battle.

Earnings in the half year worked through at 14.05p (10.7p) and the interim dividend is raised to 4.3p (3.2p).

● comment

Acquisitions plus a £500,000 swing into profits at the Beanstalk shelving subsidiary have helped Bullough, a once dull engineering business now diversified into office equipment, retail refrigeration and heating service operations, turn in another useful rise in interim profits. So successful does last year's £16m Hubbard-Reader purchase look—bought for what now appears to be nine times this year's earnings contribution—that the group, market capitalisation almost £200m, is already close to concluding another mixed equity and cash purchase. Some £10m will be spent (automotive related?) to boost engineering division profits, running at £3m pre-tax this year, to the £4½m level. This will produce modest gearing of 20 per cent or so at the balance sheet date but Bullough is determined to reduce any vulnerability to competition in its office and chilled food cabinet areas. With £20m the target for this year, the shares at 515p are suitably rated on a multiple of 15.

Newman Inds profits jump 80% at midway

INTERIM pre-tax profits of Newman Industries, manufacturer of engineered assembly systems, non-ferrous castings and cooling equipment, rose 80 per cent to £4.23m in the six months ended June 30, 1987.

Mr Nigel McLean, chairman, said the improvement resulted from an 11 per cent increase in sales and a 18½ per cent profit rise from the continuing businesses, together with some benefit accruing from the group restructuring.

Avdel, which now constitutes the major activity of the group, increased its sales especially in continental Europe and the Pacific basin. It continues to develop new products to service its various markets and is also in the process of further extending its operations in Europe.

The remaining companies in the group, which now account for a small portion of activities, reported some improvements although the trading climate was difficult for the foundry business.

Mr McLean concluded that overall the current year had started well; business outlook was positive and the company looked forward to continuing success.

Group sales for the period were down from £44.66m to £40.03m but the operating profit emerged at £5.23m (£3.96m): interest took £1m (£1.34m) and there were no exceptional items this time (£0.26m debit).

Tax took £1.16m (£1.07m) leaving attributable profits of £3.08m (£228,000 loss) for earnings per share of 2.2p (0.8p). In 1986 there were extraordinary items written off of £1.52m, which related to closure costs and sale of subsidiaries.

The interim dividend is again 0.5p per share; last year's total was 1.3p.

● comment

Newman has sold off loss-makers, including the electric motors business, since last year, so the 80 per cent growth in pre-tax profits is little guide to the company's performance. More significant is the progress at Avdel, the assembly systems subsidiary where trading profits rose 13.5 per cent and operating margins improved to 16.3 per cent. Avdel's strengths include a broad base of customers—its products are used in a range of industries including motors, buildings, electrical engineering and aerospace—and a wide geographical spread for its sales. Future profit growth will be helped by its newly-won right to supply to the US aerospace industry. Pre-tax profits this year of £8.5m would put the shares, down 1p at 84½p, on a p/e of about 19. That seems ample. Borrowings may be coming down because of strong cash flow but they still exceed shareholders' funds. And although the acquisition by Winterbottom Holdings of a friendly 28 per cent stake in Newman should have considerable benefits, it has effectively removed the company from the bid stock lists.

J. Ferguson in black and shares jump

Shares of James Ferguson Holdings rose 23p to 151p following the announcement of the first profits since 1979. On turnover up from £457,000 to £2.15m pre-tax profits were £315,000 against losses last time of £228,000.

The result for the year to the end of March 1987 was achieved without any contribution from the Barlow Clowes Group and the Century and Card companies, the acquisition of which was completed after the period end.

In the first six months the Bradford based group which was originally involved in textiles but is being transformed into a financial services company, there was a pre-tax loss of £379,000 on turnover of £551,000.

The tax charge was £101,000 (£4,000 credit) for earnings per share of 1.03p (2.45p losses). There were extraordinary debits of £37,000 (£223,000) to leave the profit for the year at £177,000 against a loss last time of £447,000.

Cresta rises to £0.35m and seeks acquisitions

BY JANICE WARMAN

Cresta Holdings, Isle of Man holding company which joined the stock market in June, produced a halfway turnaround after making a series of acquisitions in 1986 and said it was seeking to purchase companies in the UK.

Losses of £46,000 incurred by the group's original retail motor business were turned to pre-tax profits of £352,000 for the six months to June 30.

In early 1986 Mr Brian O'Connor, former chairman of Security Centres Holdings and chairman of the USM-quoted Rockwood Holdings, injected £500,000 into the company then known as Island Garages with Mr Tony Thompson, now finance director.

They restructured the group into five divisions, financial services, corporate communications, construction and property, sheltered housing and the original company.

Profits were well ahead of the pro-forma pre-tax figure for the whole of 1986 quoted in *Cresta's listing document*, said Mr O'Connor, chairman.

They represented organic growth, he said, as there had been no acquisitions in the interim period. "We have tried to establish a very strong base on the Isle of Man preparatory to expansion in the UK. We have been pursuing a number of targets, looking at both public and private companies throughout the UK."

All five divisions had performed well, he said, particularly financial services and property, and the motor retail division now had about 12 per cent market share on the island.

In January Cresta raised £2m on the island through an offer for sale, and after therepayment of £181,000 on outstanding loan stock, cash stands at about £200,000. Turnover fell from £1.95m to £4.12m, interest payments dropped to £5,000 (£47,000) and tax took £56,000 (nil). The costs of acquiring a full listing resulted in an extraordinary item of £95,000 (£93,000). Earnings per share were 2.2p, *compared with a loss* of 1.5p.

Astra confirms potential

THE POTENTIAL at Astra Holdings following the acquisition of the Walters Group is borne out by pro-forma accounts for the year ended March 31 1987, which show group turnover of £30.54m and pre-tax profits of £6.22m.

The major area of Astra's activities lies in supplying military pyrotechnics such as thunderflashes, practice bombs and smoke screens. The Walters purchase represented the completion of a key part of Astra's policy to have defence industry manufacturing facilities in the UK, the US and Canada.

Yesterday the directors said they viewed with confidence the prospects for the enlarged group. In the acquisition document they had forecast pre-tax profits of not less than £6m for 1987-88, with a total dividend of 0.87p.

Astra won defence orders in excess of £1m from the MoD and over $10m from the US Defence Department.

Also published yesterday was the results for the 15 months ended March 31 1987 showing turnover of £11.42m and pre-tax profit of £1m, compared with £6.43m and £210,000 respectively for the year 1985.

The 1987 accounts covered the former Sumner and Asrta groups for the full period, plus the Unwin Group from September 1986. The 1985 figures included the former Sumner and Astra groups to give a realistic comparison.

There is a dividend of 0.25p net; the shares offered to shareholders at 28p to finance the Walters acquisition do not rank for the dividends.

Control Techniques acquisition

Control Techniques yesterday reported a flat first six months' trading as a result of depressed conditions in the UK market as well as increased research and development expenditure and new product launch costs.

At the same time the company announced that it had entered into a conditional agreement to acquire Q Power Transmissions. Initial consideration is being satisfied via the issue of 211,641 new ordinary shares.

Additional consideration of up to £1.17m in shares is payable dependent on Q Power's profits over the five years ending September 1992.

Control Techniques is also seeking further UK and overseas aquisitions.

For the six months to end-March it returned profits of £605,000 (£606,000) pre-tax from a turnover of £7.69m (£4.42m). The interim dividend is lifted to 1.25p (1p) from earnings of 4.4p (4.1p).

LOOKERS: Lloyds Merchant Bank has sold its holding of 585,437 ordinary shares (7.18 per cent).

Sainsbury completes US deal

J. Sainsbury, the grocery chain has completed the acquisition of New England-based Shaw's Supermarkets. By the time the $30-a-share cash tender offer closed last week, Sainsbury owned 98.5 per cent of Shaw's shares.

Sainsbury's has already allotted new shares to pay for $188m out of the $261m purchase price. A further 16.5m shares have now been sold to Goldman Sachs, advisers on the transactions, in a "bought deal" to fund the remainder. Shaw's, where Sainsbury's has held a 21 per cent stake since 1983, takes in 49 supermarkets ranging from Massachusetts into Maine and New Hampshire.

Yesterday, Sainsbury's shares added 3p to 279p.

Broad St. purchases Financial Dynamics

Broad Street Group yesterday announced the acquisition of fellow public relations company Financial Dynamics for a maximum consideration of £5.25m to be paid mainly in shares.

An initial £1.25m is to be paid followed by four further *instalment payments based on* multiples of warranted profits beginning with £250,000 for the year to March 1988 and running up to 1991.

The £1.25m is to be satisfied by the issue of 2.02m shares at 62p of which 383,107 will be the subject of a vendor placing. The vendors will not be able to sell shares allotted to them for two years. The additional consideration of up to £4m will be satisfied by the allotment of unquoted deferred convertible stock.

Continental Assets shows improvement

Continental Assets Trust raised net asset value to 143.6p (111p) at June 30. Available profits for the half-year rose from £26,000 to £59,000 after tax of £35,000 (£16,000). Investment income totalled £236,000 (£22,000).

Earnings per share were 0.49p (0.22p). The trust derives the larger part of its income in the first half of the year.

This announcement appears as a matter of record only.

CASSA DI RISPARMIO DI ROMA

U.S. $100,000,000

Euro Certificate of Deposit Programme

Dealers

Chase Investment Bank
First Chicago Limited
Swiss Bank Corporation International Limited

Issue Agent and Principal Paying Agent
The Chase Manhattan Bank, N.A.

July 1987

U.S.$100,000,000
ALLIED IRISH BANKS PLC
(Incorporated with limited liability in the Republic of Ireland under the Companies Acts, 1963 to 1983)
Subordinated Primary Capital Perpetual Floating Rate Notes

In accordance with the provisions of the Notes, notice is hereby given, that for the three months interest period from July 28, 1987 to October 28, 1987 the Notes will carry an interest rate of 7 9/16% per annum. The interest payable on the relevant interest payment date October 28, 1987 against Coupon No. 9 will be U.S.$193.26 and U.S.$4,831.50 respectively for Notes in denominations of U.S.$10,000 and U.S.$250,000. The sum of U.S.$193.26 will be payable per U.S.$10,000 principal amount of Registered Notes.

July 28, 1987
By: The Chase Manhattan Bank, N.A.
London, Agent Bank. CHASE

TOPS SERIES V LIMITED

(Incorporated with limited liability in the Cayman Islands)

U.S.$150,000,000

Series V Floating Rate Trust Obligation Participation Securities due 1992

Secured by a Charge on a Portfolio of Fixed Rate Bonds and Notes with an aggregate principal amount of U.S.$215,275,000

For the period 24th July, 1987 to 24th January, 1988, the securities will carry an interest rate of 7.275% per annum with a coupon amount of U.S.$9,295.83 per U.S.$250,000 denomination and U.S.$18,591.67 per U.S.$500,000 denomination. Payable on 25th January, 1988.

Listed on the Luxembourg Stock Exchange

Bankers Trust Company, London — Agent Bank

Woodside Financial Services Ltd.
(Incorporated in the State of Victoria)
U.S. $300,000,000
GUARANTEED FLOATING RATE NOTES
DUE JULY 1997
Unconditionally Guaranteed by Australian Industry Development Corporation

In accordance with the Terms and Conditions of the Notes, notice is hereby given that for the interest period from July 28, 1987 to October 28, 1987 the Notes will carry an interest rate of 7 1/16% per annum. The amount payable on October 28, 1987 will be U.S.$4,512.15 and U.S.$180.49 respectively for Notes in denominations of U.S.$250,000 and U.S.$10,000.

The Chase Manhattan Bank, N.A.,
London, Agent Bank
July 28, 1987 CHASE

Baker Harris £2m profit beats prospectus forecast

Baker Harris Saunders Group, the first commercial firm of surveyors and estate agents to obtain a full listing, produced a pre-tax profit of £2.01m for the year to April 30, 1987 compared with £800,000 for the previous year and the October, 1986 prospectus forecast of £1.6m.

Mr Richard Saunders, chairman, said the excess over forecast was due principally to income arising from new instructions received since the date of the flotation, as a result of the company's greatly improved corporate profile, as well as the continuing strength of the City property market.

Activity remained at a high level and this, combined with corporate developments over the past few months, including the recent formation of the corporate property finance division, the acquisition of Alan G. Hood since the end of the financial year, and the newly-formed association with Richard Sykes and Partners in New York, gave continuing confidence in the development of the group.

Turnover last year rose 73 per cent from £2.35m to £4.07m. Tax charged was £732,000 (£349,000) leaving £1.28m (£451,000) for earnings per share of 13.8p (5.3p).

The dividend is 2p for the six months since the flotation, 4p on an annualised basis.

● comment

Baker Harris Saunders' shares were at just 266p at the beginning of the month so it was not surprising to see them ease back 20p to 395p on profit-taking in spite of the better-than-expected figures. The current year is not going to bring another doubling of profits but Baker Harris will continue to benefit from its exposure to the strong City letting market, of which it probably now takes about 15 per cent. In the longer term that exposure to a single market could prove a point of weakness, and it is in response to this that Baker Harris is building up its corporate finance department and diversifying into the West End through the acquisition of Alan Hood. This first step towards broadening its geographical base is a tentative one and will probably need to be followed by further acquisitions if investors are to be convinced that diversification will protect Baker Harris from any easing off of the City market towards the end of the decade. Meanwhile, with around £2.6m in sight this year, the shares look fully valued on a short-term view with the prospective price/earnings ratio at 23.

GRA Wembley deal in sight

By Nikki Tait

GRA Group, the greyhound racing track operator, suggested yesterday that a deal with Arena Holdings, the owner of Wembley Stadium, could be in sight this week.

"Negotiations are going quite well," commented Mr Isadore Kerman, GRA's chairman. "We could have something to say by the end of the week." Mr Tony Clegg, whose Mountleigh property group owns 10 per cent of Wembley, concurs. "We are down to the nitty-gritty," he added yesterday.

The deal, essentially a reverse takeover of GRA by the unquoted Arena, would almost certainly be a paper transaction. According to Mr Clegg, all the shareholders in Arena—among them, Mr Brian Wolfson, chairman of Anglo Nordic, and some 15 other investors, including the likes of the Allied-Lyons pension fund—are "all supportive." If successful, Mr Clegg says the greyhound racing side would be retained.

However, a member of prospective bidders have come close to a deal with GRA recently, but eventually bowed out. Priest Marians, the property company, abandoned an offer two months ago after Harringay Borough Council appealed against planning permission on the redevelopment of Harringay Stadium.

Baltic rises to £3.2m in first half

Baltic, the asset finance and property group which is 60 per cent owned by Scandinavian financial institutions, yesterday reported a 20 per cent rise in pre-tax profits from £2.67m to £3.2m in the six months to June 30, 1987.

Last month, Baltic made a successful £26m bid for GT Global Investment Trust. The company plans to liquidate the trust's portfolio and to use the proceeds to expand its activities.

Turnover rose by £2.2m to £12.4m. After tax of £800,000 (£560,000) earnings per share were 8.2p (6.8p) basic or 6.9p (6.1p) fully diluted.

The interim dividend is 1.2p. For the previous 17 months, Baltic made payments totalling 3.5p, equivalent to an annual dividend of 2.47p which would have been paid as to 1p and 1.47p.

The company said its asset finance division had shown good solid growth and the customer base continued to expand. The property development side had made a strong and encouraging start to the year with the sale of the Chiswell Street office development site in the City of London being completed.

The unit trust management company launched two new funds in the early part of the year and funds under management now stand at £42m, against £33m at the end of March, 1987.

THE JONES GROUP is buying Enviroquip, Texas-based company in water and waste water business for an initial $4m and further profit-related payments to a maximum of $9m. In the year to end-June 1986 Enviroequip made $1.4m profit on turnover of $11.9m.

Robert H. Lowe profits rise 74% to £402,000

Robert H. Lowe, clothing manufacturer and principal client for leisurewear for the Adidas sports goods brand, yesterday reported a 74 per cent increase in pre-tax profits from £231,000 to £402,0000 over the six months to April 30. Turnover rose by 16 per cent to £5.5m.

The results included a full six months trading by Nelsons Labels and C. U. Black, the subsidiaries acquired last October.

Earnings per share improved by 2.22p to 9.22p and the interim dividend is being doubled to 1p net.

The directors said the Aspatria and Congleton garment factories each made progress on plans to upgrade plant and machinery and for expanding production by increasing the direct labour force.

However, the full benefit of this progress had still to show itself in trading profit, while progress to date was offset by interruptions to production caused by late and faulty deliveries of fabric.

As a result, the group which supplies goods to Marks and Spencer and British Home Stores, is to carry higher stock levels.

For the group as a whole the directors anticipated poor profit margins for the immediate future until improved efficiency and expansion of production make more impact.

Since the half year end the company has completed the acquisition of D. H. Leonard, manufacturer of leisurewear and tracksuits, for an initial £220,000 in shares.

Worthington improvement

A. J. Worthington (Holdings), maker of textile products, turned in a pre-tax profit of £110,607 for the year to March 31, 1987, against a £23,490 loss previously. Turnover rose from £1.97m to £3.45m.

Mr Sidney Friedland, the chairman, said that turnover had continued to increase at a modest rate since the end of March and order books now stood at an acceptable level.

After tax of £17,000 this time and minorities of £8,492 (£3,621) the net attributable surplus came to £85,115, compared with a £27,111 deficit.

Stated earnings per 10p share were 1.7p (0.5p loss). There is again no dividend (none have been paid since 1982) but the chairman said there was a possibility of a resumption next year if profitability continued to improve.

At midway, the company reported a £48,000 profit (£49,000 loss).

Yelverton rights to raise £2.9m

Yelverton Investments, the USM-quoted investment company, is rasing £2.86m via a rights issue of 8 per cent convertible unsecured loan stock. Stock will be offered to investors on the basis of £1 nominal for every four ordinary shares.

Mr Henry D. Clarke, junior, the company's American chairman will take up his rights in respect ofthe 36 per cent holding of his private company, Husted International. The company hopes to use its funds to expand its investment portfolio.

Border TV lower

LESS buoyant advertising revenue in the second half led to a 29 per cent fall in 1986-87 pre-tax profits of Border Television, the smallest of the mainland IBA television conctractors.

Despite a rise in turnover to £9.65m (£8.86m) pre-tax profits dropped from £704,000 to £503,000. Earnings per 10p share fell 1.8p to 3.4p and there is a final dividend of 0.8p for a total of 1.4p (1.25p).

An extraordinary charge of £52,000 this time was the cost of the introduction to the USM last December.

BOARD MEETINGS

TODAY

Interims:—Thomas Jourdan, Leisuretime International, Mount Charlotte Investments, National Westminster Bank, Padang Senang, Questel, Rights and Issues Investment Trust, St Modwen Properties, TACE, Trencherwood, Updown Investment, WPP.

Finals:—BCE, Matthew Clark, Kenyon Securities, Murray Smaller Markets Trust, Radius.

FUTURE DATES

Interims:—

British Vita	Sept 9
Electronic Machine	July 31
Energy Capital	July 30
GKN	Aug 5
Jamesons Chocolates	Aug 10
London Finance and Invest.	July 29
Pentland Industries	Aug 25
Rover	Aug 5

COMMODITIES AND AGRICULTURE

Nancy Dunne on the launch of automated white sugar trading

London scores sweet victory

THE LONDON Futures and Options Exchange (Fox) yesterday mounted a strong challenge to the French dominance of white sugar futures trading through introduction of a new automated system.

The system got off to a brisk start with a total of 977 contracts changing hands by midday. As the markets headed for the close, traders using computers and screens *in London had executed* nearly 2,000 trades, well ahead of the 1,540 orders filled on the Paris Futures Exchange.

Traders theorised that shifting white sugar positions to London from Paris inflated the French trading volume. An exchange official said a final judgment about the day's success could not be made until the open volume figures are studied today.

The Paris exchange generally trades between *1,000 and 2,000 lots of 50 tonnes a* day the same contract size as on Fox. About 70 per cent of its business is generated in London; however, efforts since 1983, to cut into the established "open outcry" French market have been unavailing.

The timing of the London launch was auspicious. Prices were buoyed by reports that Pakistan had bought two white sugar cargos at the week for around $196 a tonne.

Early trading suffered only a few technical hitches as the day began.

"There were a few bugs in the system which frustrated accurate price reporting, but this is being put right," said Mr Con Lenan, Fox's marketing director.

If the Fox challenge succeeds, British traders will have sent a strong message *to Paris about the high government-fixed cost of trading* there.

Paris is "an extremely expensive" market to trade in, and the cost reduces its liquidity, according to Mr Saul Gruniss, a trader at Drexel Burnham Lambert.

"I can afford to get in the market here without it costing an arm and a leg," he said.

The computer trading system offers other advantages, according to Fox officials. There are fewer human links between a client and his trade, allowing for a quicker response and, if everything works as it should, fewer errors.

The system is linked directly into market screens, which give immediate updates on all orders and trades. Clients get a better "feel" of the action, the exchange said.

Should white sugar trading succeed in London, it may pave the way for automated trading in other contracts. With the system in place, the addition of new contracts will be inexpensive, making more feasible the introduction of *low volume contracts* which could not otherwise be sustained. Fox's now-dormant rubber contract may now be considered a candidate for start-up.

Paris will have other competition for its market. The Coffee, Sugar and Cocoa Exchange in New York plans to launch white sugar futures on October 5. Undaunted, Fox officials said the New York market, because it is in another time zone, will offer opportunities for arbitrage.

Because traders need not stand in a pit all day, the London contract has a particularly long trading day—from 9.45 am to 6.45 pm—*with no time off for lunch.*

Recovery forecast in offshore oil industry

By Lucy Kellaway

THE world offshore oil and gas industry will continue to shrink this year from the depressed levels of 1986, although by 1988 the worst will be over, according to a survey published yesterday.

The survey, conducted by Mackay Consultants of Inverness, estimates that world expenditure on offshore oil and gas will fall by 10 per cent this year to £35bn, after a 15 per cent fall last year from £48bn in 1985. The report forecasts, however, that the severe problems which now face the offshore supplies industry should start to disappear next year as the world market picks up to *reach an estimated* £51m by 1990.

The rise in activity is likely to be encouraged by a gradual recovery in oil and gas prices, the report says, allowing the revival of development projects which had been postponed following last year's collapse

The report expects the recovery in North Sea activity to be slightly slower than in the world as a whole, with very little pick up in evidence until 1989. It says that expenditure will never return to the peak levels of the 1970s, and by 1990 should have reached £5.3m, fractionally lower than last year, although a strong improvement on forecast expenditure for this year of £4.5bn.

By contrast, *markets* in other parts of the world, including North and Central America and the Far East and Australasia are expected to show fairly strong growth and to become almost as large as the North Sea market by 1990.

LONDON METAL EXCHANGE WAREHOUSE STOCKS
(Changes during week ended last Friday)

Aluminium	(tonnes)
standard	−25 to 80,075
high grade	+500 to 7,250
Copper	+350 to 97,925
Lead	+700 to 23,425
Nickel	−934 to 7,344
Zinc	+1,775 to 30,525
	(ounces)
Silver	+120,000 to 22,672,000

Fresh approach proposed for commodity programmes

BY WILLIAM DULLFORCE IN GENEVA

JAPAN YESTERDAY proposed *a new approach to the problems* of countries which rely heavily on exports of commodities for economic development.

Instead of trying to stabilise prices through international commodity agreements a "round table" should be set up to examine each country separately and to recommend action for improving the processing of its products or diversifying its economy, Mr Tadashi Kuranari, the Foreign Minister, told the UN Conference on Trade and Development.

The round table would comprise representatives of interested countries, organisations such as Unctad and the World Bank and experts from both developed and developing countries.

It would work independently, formulate "case programmes" and recommend policies which could be implemented by the countries concerned with the *help of relevant international* agencies and developed countries. Its recommendations would not be binding.

Countries would be selected according to per capita income, their debt situation, their *dependence on commodities and* their progress in processing their raw materials, the Japanese paper proposed.

Case programmes would be drawn up to allow for their applicability to other developing countries experiencing similar problems to the country examined.

The Japanese propose to replace the commodity-specific approach used by Unctad in creating international commodity agreements with a country-specific programme, Mr Tomohiko Kobayashi, the Foreign Minister's economic adviser, explained.

Unctad's global approach through its Integrated Programe for Commodities, which aimed at creating price stabilising agreements for 18 commodities, had not produced results, Mr Kobayashi said.

Japan, Mr Kuranari pointed out, was a party to most of the existing commodity agreements and had ratified the agreement which would establish Unctad's Common Fund for Commodities.

If, following the Soviet Union's decision to join, the Common Fund came into force, Japan would attach greatest importance to its so-called second account which aims at helping countries to enhance *the processing and marketing* of their products and to *diversify, the Foreign Minister* said.

The Common Fund's first account is intended to help finance the buffer stocks of international commodity agreements. Most consuming countries, following the collapse of the tin agreement, are opposed to putting the account into effect.

Industrial nations' scepticism towards ICAs had led by yesterday to deadlock in the committee dealing with commodities in the Unctad conference, *which entered its third and last* week in disarray.

Developing countries inspired by the prospect that the $750m Common Fund might become effective after a seven-year delay, have been pushing for the strengthening of existing ICAs and the convening of meetings to study the possibilities for commodities not yet covered.

The US, most members of the European Community and Japan want the conference to shift Unctad away from its focus on price stabilisation through ICAs towards what they consider to be a more pragmatic, market-orientated approach. This would aim at helping countries to find ways *of diversifying and adding* value to their products.

Soviet boost for Indonesian tea

BY JOHN MURRAY BROWN IN JAKARTA

THE SOVIET Union has been making large purchases of Indonesian teas to cover an expected shortfall on its own domestic production. The Soviets blame this on last year's severe winter but Indonesian traders suspect that it results from the Chernobyl nuclear disaster.

Traders report that Russian interests, which first surfaced in early June, has pushed up prices on the Jakarta auction from 130 US cents a kg to around 180 cents for the broken grades as used in packet teas.

The Soviet Union produces around 150m kg of tea a year, of which 130m kg is from gardens in Georgia, a region badly affected in the aftermath of Chernobyl. Reports suggest that up to 60 per cent of the crop could be damaged.

Much of the estimated 70,000 hectares of tea estates in the region will have to be uprooted and replanted, Indonesian traders say. Likewise, teas grown in north east Turkey which borders on Georgia, are reported to be unuseable this year, with the tips of the plants showing levels of radioactivity.

Much of the Soviet Union's estimated 70m-80m kg shortfall this year is expected to come from traditional suppliers like *Sri Lanka, Bangladesh and* India. However, low prices at the Jakarta auction have been the main reason behind the recent Russian interest for teas from Indonesia, where last year total exportable production was around 80m kg.

The Soviet Union has purchased around 4m kg of the BOP (Broken Orange Pekoe) type and fannings in the last six weeks, compared with just over 1m kg in the whole of 1985. "If they carry on buying like this through the end of the year," said one trader, "it would have a substantial effect on prices." The Soviet Union is expected to stop buying in August, however, to take stock of its needs. Some buyers like Australia, *are* already hanging off in anticipation of lower prices should the Soviet Union leave the market.

Agriculture in an imperfect world

FARMER'S VIEWPOINT

By John Cherrington

It is an ironical reflection on the present state of the world's economy that a record number of its inhabitants are reported to be starving while at the same time food surpluses are threatening the economic stability of a number of countries and helping to aggravate international trade tensions.

This situation is the background *to the* latest report from the Organisation for Economic Co-operation and Development.

The report* reveals little that was not already known but it does describe in detail the extent to which almost every country intervenes in the marketing of farm products. The complication and diversity of these measures, ranging from import bans and subsidised exports to barter trading and manipulation of exchange rates, *rule out the possibility of an* overnight solution.

In a perfect world, of course, some means would exist to ensure that the surpluses of one group of countries would be moved to relieve shortages *elsewhere. The world is not* perfect, however, and relies on market forces to achieve balance. The trouble is that market forces have rarely been allowed to perform their functions without interference.

These practices go back a long way. In England the first measures to restrict the importation of wheat were enacted in the reign of Edward IV with a tax on imports and in the 17th Century there was a bounty on grain exports.

These measures were intended partly to protect English farmers but also to keep the price of essential food under control. Most other countries developed similar systems, particularly those now in the EC. It is small wonder, therefore, the Community member countries show no enthusiasm for wiping them out.

One of the advantages of the common agricultural policy in farmers eyes is that it increases their political strength. More people are engaged in farming than in any other single industry and they can make their *influence* felt in the political process.

This had not been the case in the UK where restrictions on imports were removed in 1849 with the repeal of the Corn Laws. From then until 1930 there was no agricultural protection and the British market was open to the output of the New World, both for grain and meat. The impact of these imports was fundamental. Farming structure was revolutionised as small farmers left the land in droves.

This left Britain with the largest farms in Europe and certainly the most efficient in structural terms. But even then they had the greatest difficulty in competing with imports.

It is worth noting here that demand for protection is not confined to food producers. Opec is just the latest example of primary producers seeking to protect their interests, usually by restricting supply. They do this primarily because they do not trust the fairness of markets.

As a farmer myself I sympathise with this attitude. I too think it is wrong that the results of a year's work should be at the mercy of speculators in Chicago or elsewhere who have never faced the risks of production themselves.

I doubt if the authors of the report really recognise this basic philosophy. But I also doubt if they are taking into account the fundimental changes apparently taking place in world food trade. Instead of *increasing in line with popula*tion growth trade in the basic foods is showing signs of falling.

This is partly due to an increase in productivity leading to increased self-sufficiency in the traditional *importing* countries. India is already exporting some wheat, the Soviet Union will surely get its farming act together one of these days, and there are few African countries which could not feed themselves if their agriculture was properly managed.

It is also the case that real production costs in the traditional exporting countries are approaching those facing farmers in the importing ones.

Last year, for instance, I exported malting barley to the Continent, admittedly a protected market. It was loaded at Southampton, 30 miles from the farm, and had a short sea trip to Antwerp. But a Canadian farmer would have to transport his malting barley nearly 2,000 miles either to the St Lawrence or the Pacific in order to be shipped and then face a much longer sea voyage to his market. It also seems to me that the fertiliser and mechanical costs of producing, say, a tonne of grain are approximately the same wherever it is grown so that erstwhile cost advantage of breaking in new land has gone.

The report recommends that *co-ordinated action should be* taken to restrict national interference with agricultural trade but does not say how this could be achieved in the present political and economic circumstances. After all even within *the EC there is a host of* measures, ranging from health restrictions to currency differences, which are manipulated to create protection for individual groups. I believe it would be much better to recognise that world trade in food and other soft commodities is bound to go on shrinking as countries become more self-sufficient. In this situation there is no easy answer.

* *National Policies and Agricultural Trade. Published by the Organisation for Economic Co-operation and Development. Paris 1987.*

LONDON MARKETS

THE LONDON Metal Exchange aluminium market built on its recent strength yesterday *with the cash* position gaining another £7 to £1,074 a tonne—a 28-month high. Dealers said a buoyant opening session mainly reflected dollar-based covering against physical business *backed up by continuing* technical supply tightness. They said currency movements also encouraged the advance. The dollar-denominated LME contract ended the day only $1 above Friday's *close* at $1,640 a tonne. Zinc prices rallied in early trading on news that peace talks between striking workers and management at Cominco's Trail and Kimberley production facilities in British Columbia had broken down. But the gains were not held and cash position closed £2.50 down on the day at £498 a tonne. Lead prices displayed a similar pattern with the cash quotation closing £6 down at £401.50 a tonne.

ALUMINIUM

99.7% purity	Unofficial close (p.m.) $ per tonne	+ or −	High/Low
Cash	—	—	—
3 months	1638-42	+1	—

Official closing (am): Cash — (—), three months 1637-42 (1640-5), settlement — (—). Final Kerb close: 1635-41.
Ring turnover: 150 tonnes.

99.5% purity	£ per tonne		
Cash	1073.5	+7	1071
3 months	993-4	+9	994/990

Official closing (am): Cash 1070-1 (1064-5), three months *991-2 (983-4)*, settlement 1071 (1065). Final Kerb close: 992-3. Ring turnover: 8,600 tonnes.

COPPER

Grade A	Unofficial close £ per tonne	+ or −	High/Low
Cash	1062.5-3.5	−5.5	1065/1064
3 months	1047.5-8.5	−5.25	1051/1044

Official closing (am): Cash 1064-5 (1068-8.5), three months 1047-8 (1053-4), settlement 1065 (1068.5). Final Kerb close: 1046-7.

Standard			
Cash	1061-3	−6	—
3 months	1042-4	−5.5	—

Official closing (am): Cash 1064-5 (1068-70), three months 1041-4 (1045-50), settlement 1065 (1070). US pro*ducer prices 80-85 cents per pound.*
Total ring turnover 48,250 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	401-2	−6	—
3 Months	373.5-4	−6.75	384/378

Official closing (am): Cash 404-5 (401.5-2), three months 375-7 (378-9), settlement 405 (402). Final Kerb close: 374.5.
Ring turnover 17,400 tonnes. US Spot: 38-42 cents per pound.

NICKEL

	Unofficial close (p.m.) £per tonne	+ or −	High/Low
Cash	3050-60	+22.5	3050
3 months	3080-5	+25	3100/3080

Official closing (am): Cash 3065-70 (3035-40), three months 3083-5 (3055-7), settlement 3070 (3040). Final Kerb close: 3080-5.
Ring turnover 720 tonnes.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	497-9	−2.5	—
3 months	493-5	−1.5	498/490

Official closing (am): Cash 499-500 (499-501), three months 494-5 (492-3), settlement 500 (501). Final Kerb close: 493.5-4.5.
Ring turnover: 8,050 tonnes. US Prime Western: 47.5-48.5 cents per pound.

LONDON METAL EXCHANGE TRADED OPTIONS

	Strike Price $/tonne	Calls Sept.	Calls Nov.	Puts Sept.	Puts Nov.
Aluminium 99.7%	—	—	—	—	—
Aluminium 99.5%	1,575	—	—	17	75
	1,600	58	45	26½	90
	1,625	45	37	—	—
Copper (Grade A)	1,650	—	—	29½	66
	1,675	51½	56	39½	79½
	1,700	39	46	—	—
Copper (Grade A)	£/tonne 1,025	—	—	12½	32
	1,050	29½	34½	21½	44½
	1,075	18	26½	—	—

Estimates.

TIN

Kuala Lumpur Tin Market: Close 16.10 (16.08) ringgit per kg. Up 0.02 ringgit per kg.

INDICES

REUTERS

July 27	July 24	M'th ago	Year ago
1695.8	1614.7	1631.4	1451.1

(Base: September 18 1931=100)

DOW JONES

Dow Jones	July 23	July 23	M'th ago	Year ago
Spot	127.98	127.67	—	125.83
Fut	126.94	126.66	—	116.04

(Base: December 31 1931=100)

MAIN PRICE CHANGES

	July 27 1987	+ or −	Month ago
METALS			
Aluminium			
Free Market	$1710/730	+7.5	$1558/575
Copper			
Cash Grade A	£1063	−5.5	£988.75
3 months	£1048	−5.25	£980.25
Gold troy oz	$452.25	−1	$449.25
Lead Cash	£401.5	−6	£390
3 months	£373.75	−6.75	£373.5
Nickel			
Free Mkt.	232/242c	+1	202/220c
Palladium oz	$141.10	+0.80	$138.00
Platinum oz	$594.00	+9.5	$557.00
Quicksilver†	$235/245		$245/255
Silver troy oz.	479.80p	+1.0	434.05p
3 months	491.10p	+1.40	443.90p
Tin			
free Mkt.	$4010/040	+20	$4150/180
Tungsten	$53.69		$59.16
Wolfram 22.0lb	$48/55		$48/55
Zinc	$498	−2.5	£552
3 months	$494	+1.5	£514.5
producers	$860		$860
OILS			
Coconut (Phil)	$445z	+5	$520
Palm Malayan	$292.5t		‡
Seeds			
Copra (Phil)	$285x		$295
Soyabean (U.S.)	$152z	+2	$157.5
GRAINS			
Barley Fut. Nov.	£100.55	+0.15	£98.75
Maize	£162.00y		£156.00
Wheat Fut. Sept	£101.75	−0.25	£98.10
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. Sept	£1341.5	−6.5	£1333.5
Coffee Ft. Sept	£1235.5	−10	£1276.5
Cotton A Ind.*	84.90c	+0.35	80.70c
Gas Oil Sept.	$163	−1.75	$161.25
Rubber (kilo)	69.5p		66.7p
Sugar (raw)	$155x	+4.4	$178.4
Wooltops 64s	479p kilo		475p kilo

‡ Unquoted. † Per 76-lb flask. c Cents a pound. * Cotton outlook. z July-Aug. x Aug-Sept. y Aug. w Oct-Nov. T-Sept.

GOLD

GOLD BULLION (fine ounce)	July 27	
Close	$452-452½	(£282½-283)
Opening	$453¾-454¼	(£282½-283)
M'n'g fix	$453.10	(£282.746)
Aft'n'n fix	$453.15	(£283.098)
Day's high	$454-454½	—
Day's low	$451¾-452¼	—

GOLD AND PLATINUM COINS		
Am Eagle.	$463-468	(£289¾-292¼)
Mapleleaf	$465-468	(£291-292¾)
Kr'g'r'nd..	$452-455	(£282¾-284¼)
½ Krug....	$238-239	(£149-149½)
¼ Krug....	$119½-120½	(£74¾-75½)
Angel.......	$463½-466½	(£290-292)
1/10 Angel	$45¼-50¼	(£28¼-31½)
New Sov..	$105½-107½	(£65¾-67¼)
Old Sov.	$106½-108	(£66¾-67½)
Noble Plat.	$599-609	(£374¾-381)

COTTON

LIVERPOOL—Spot and shipment sales *for the week ended July 24* amounted to 398 tonnes against 172 tonnes in the previous week. Trading occurred later in the week in Sudanest, Pakistani, Russian and West African qualities.

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 19.13p per kg lw (+0.84). GB—Sheep 202.84p per kg est d c w (+23.81). GB—Pigs 74.46p per kg lw (+0.60).
FUTURES—Live cattle: August 95.00. Sales 2.

SILVER

Silver was fixed 1p an ounce higher for spot delivery in the London bullion market yesterday at 479.8p. US cent equivalents of the fixing levels were: spot 768.4c, up 0.15c; three-month 781.96c, up 0.56c; six-month 796.3c, up 1.35c; and 12-month 827c, up 2.15c. The metal opened at 478½-480p (769-771c) and closed at 479-480½p (768-768c).

SILVER per troy oz	Bullion Fixing price	+ or −	L.M.E. p.m. Unofficial	+ or −
Spot	479.80p	+1.00	765.5c	−0.5
3 months	491.10p	+1.40	778.5c	−0.5
6 months	503.15p	+2.20	—	—
12 months	527.45p	+2.55	—	—

LME—Turnover: 1 (9) lots of 10,000 oz.
Three months high/low 781c, final kerb 777-82c.

COFFEE

Business was extremely dull as robustas were confined to narrow range, reports Drexel Burnham Lambert. In very light volume dealers remained sidelined as the current price gave little incentive to trade.

COFFEE	Yesterday close	+ or −	Business done
July	1210-1217	−4.0	1213-1210
Sept.	1235-1236	−10.0	1240-1235
Nov.	1262-1264	−4.5	1265-1258
Jan	1286-1288	−4.5	1288-1282
Mar.	1310-1312	−5.5	1311-1308
May	1325-1335	−9.0	1335-1326
July	1345-1360	−12.5	—

Sales: 842 (2,431) lots of 5 tonnes.
ICO indicator prices (US cents per pound) for July 24: Comp. daily 1979 97.46 (97.77); 15-day average 96.24 (96.27).

COCOA

During a rather dull day futures *eased slowly to close weakly. Physicals also showed the same lack of activity and no trading was apparent, reports* Gill and Duffus.

	Yesterday's close £ per tonne	+ or −	Business done
July	1360-1373	−9.5	1375-1370
Sept.	1341-1342	−6.5	1352-1340
Dec.	*1375-1376*	−5.0	1386-1374
March	1399-1400	−6.0	1410-1398
May	1418-1420	−3.5	1428-1420
July	1435-1437	−4.0	1440-1458
Sept.	1450-1452	−5.0	1456-1451

Sales: 1,776 (3,373) lots of 10 tonnes.

ICCO indicator prices (SDRs per tonne). Daily price for July 27: 1662.49 (1681.82); 10-day average for July 28: 1697.75 (1702.73).

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	Prev	High	Low
July	75.00	75.00	—	—
August	74.75	74.75	—	—
Sept	74.00	74.15	74.00	74.00
Dec	73.00	73.10	73.10	73.10
Jan	71.05	71.15	—	—
March	69.55	69.65	—	—
May	68.25	68.35	—	—
July	67.05	67.15	—	—

COCOA 10 tonnes, $/tonnes

	Close	Prev	High	Low
Sept	2031	2047	2032	2016
Dec	2050	2070	2067	2040
March	2078	2101	2096	2073
May	2103	2126	2116	2100
Sept	2145	2167	2156	2140
Dec	2163	2185	—	—

COFFEE "C" 37,500 lb, cents/lb

	Close	Prev	High	Low
Sept	103.91	106.53	106.50	103.75
Dec	106.93	109.34	109.25	106.75
March	110.05	112.25	112.00	110.00
May	111.73	113.51	113.25	111.50
July	114.76	115.76	115.75	114.75
Sept	115.55	116.51	—	—
Dec	117.88	120.27	—	—

COPPER 25,000 lb, cents/lb

	Close	Prev	High	Low
July	76.60	78.30	78.20	76.50
August	76.35	77.15	—	—
Sept	74.95	75.40	75.20	74.20
Dec	73.70	74.10	74.00	73.00
Jan	73.35	73.75	—	—
March	72.65	73.00	72.85	72.00
May	72.30	72.65	72.15	72.00
July	72.15	72.50	72.05	72.05
Sept	72.25	72.60	—	—
Dec	72.35	72.70	—	—

COTTON 50,000 lb, cents/lb

	Close	Prev	High	Low
Oct	77.10	77.18	77.70	76.80
Dec	75.40	75.94	76.05	75.35
March	75.85	76.45	76.55	75.80
May	76.34	76.86	77.00	76.75
July	76.27	77.10	76.90	76.75
Oct	69.55	69.80	70.00	68.80
Dec	68.02	68.20	68.40	68.05

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Latest	Prev	High	Low
Sept	20.55	20.57	20.66	20.48
Oct	20.27	20.32	20.42	20.22
Nov	20.17	20.22	20.29	20.15
Dec	20.07	20.16	20.24	20.07
Jan	20.05	20.12	20.17	20.05
Feb	20.04	20.09	20.15	20.01
March	20.02	20.07	20.05	20.00
April	19.95	20.06	20.05	19.87
May	19.95	20.04	19.95	19.95

GOLD 100 troy oz, $/troy oz

	Close	Prev	High	Low
July	453.7	454.0	—	—
August	454.2	454.5	454.7	452.1
Sept	456.8	457.1	—	—
Oct	459.8	460.0	460.3	457.6
Dec	465.3	465.5	465.9	463.0
Feb	471.0	471.2	470.5	468.0
April	476.7	476.8	477.0	474.9
August	488.6	488.7	487.8	487.8
Sept	482.5	—	481.7	481.7
Oct	494.9	495.0	494.1	494.1
Dec	501.2	501.3	501.0	500.7
Feb	507.7	507.8	507.4	507.4

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	Prev	High	Low
August	52.90	53.15	53.75	52.90
Sept	53.75	53.71	54.50	53.60
Oct	54.30	54.34	55.10	54.15
Nov	55.20	55.15	55.90	54.95
Dec	56.20	56.06	56.65	55.90
Jan	57.25	56.66	57.25	56.50
Feb	57.55	57.11	57.70	57.45
March	56.20	55.50	56.20	55.90

ORANGE JUICE 15,000 lb, cents/lb

	Close	Prev	High	Low
Sept	126.05	128.15	126.80	125.90
Nov	123.95	123.90	124.40	123.60
Jan	123.00	123.00	123.00	123.00
March	123.35	123.25	123.50	123.50
May	123.30	123.20	—	—
Sept	123.30	123.20	—	—

SILVER 5,000 troy oz, cents/troy oz

	Close	Prev	High	Low
July	772.1	772.0	776.5	766.5
August	773.0	773.0	—	—
Sept	777.5	777.5	782.0	775.0
Dec	792.3	792.3	797.0	782.0
Jan	796.7	796.7	790.0	790.0
March	807.4	807.4	811.5	801.0
May	816.0	816.0	819.0	813.0
July	829.0	829.0	825.0	823.0
Sept	840.0	840.0	836.0	836.0

PLATINUM 50 troy oz, $/troy oz

	Close	Prev	High	Low
July	595.4	591.2	598.0	588.5
Oct	596.4	594.2	598.0	588.0
Jan	602.8	601.3	605.0	595.5
April	609.9	609.6	606.9	603.5
July	617.6	618.3	614.5	611.2
Oct	624.6	623.2	—	—

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	Prev	High	Low
Sept	5.63	5.72	5.85	5.72
Oct	6.07	6.03	6.19	6.06
Jan	6.34	6.30	—	—
March	6.70	6.65	6.80	6.69
May	6.87	6.83	6.95	6.88
July	7.03	6.99	7.09	7.01
Oct	7.17	7.17	7.28	7.16

CHICAGO

LIVE CATTLE 40,000 lbs, cents/lb

	Close	Prev	High	Low
Aug	61.62	60.50	61.67	60.80
Oct	60.72	59.22	60.72	59.60
Dec	62.62	61.12	62.62	61.65
Feb	63.50	62.00	63.50	62.50
April	64.50	63.00	64.50	63.65
June	64.05	62.60	64.10	63.00
Aug	61.80	60.80	62.00	61.80

LIVE HOGS 30,000 lbs, cents/lb

	Close	Prev	High	Low
Aug	56.20	55.30	56.60	55.70
Oct	47.65	48.82	48.02	47.20
Dec	46.82	46.17	47.10	46.35
Feb	44.85	44.50	45.45	44.85
April	42.10	41.72	42.36	41.82
June	43.40	43.22	43.70	43.30
Aug	42.65	42.82	43.00	42.65

MAIZE 5,000 b min, cents/56 lb bushel

	Close	Prev	High	Low
Sept	164.4	163.6	165.2	162.6
Dec	173.4	173.0	174.6	172.2
March	183.2	183.4	184.2	182.0
May	188.4	189.4	190.0	187.0
July	189.6	191.4	192.0	188.6
Sept	188.2	190.4	191.0	188.0
Dec	194.4	195.0	196.0	192.4

PORK BELLIES 38,000 lbs, cents/lb

	Close	Prev	High	Low
Aug	78.52	75.97	78.85	77.25
Feb	60.40	59.07	60.55	59.30
March	60.12	58.72	60.25	58.90
May	61.05	59.90	61.05	60.25

SOYABEANS 5,000 bu min, cents/60 lb bushel

	Close	Prev	High	Low
Aug	540.4	532.2	541.6	535.0
Sept	527.0	519.4	529.0	523.0
Nov	526.4	518.4	529.0	521.6
Jan	534.0	525.8	536.4	530.0
March	542.2	533.0	545.0	538.4
May	548.0	540.4	550.4	546.0
July	549.4	540.4	551.0	547.0
Aug	545.4	536.4	—	—

SOYABEAN MEAL 100 tons, $/ton

	Close	Prev	High	Low
Aug	167.1	165.3	167.2	165.5
Sept	162.0	160.5	162.9	160.7
Oct	159.8	156.8	160.0	158.0
Dec	159.8	156.8	160.2	158.0
Jan	160.5	157.8	160.5	158.5
March	160.7	157.5	161.0	158.5
May	160.2	157.0	160.5	158.5
July	160.5	157.5	160.5	160.0
Aug	160.7	157.7	160.5	161.0

SOYABEAN OIL 60,000 lbs, cents/lb

	Close	Prev	High	Low
Aug	16.01	15.81	16.04	15.88
Sept	16.18	15.97	16.20	16.05
Oct	16.36	16.12	16.37	16.20
Dec	16.68	16.47	16.72	16.55
Jan	16.87	16.64	16.88	16.76
March	17.15	16.97	17.15	17.15
May	17.37	17.17	17.40	17.35
July	17.56	17.37	17.50	17.60
Aug	17.55	17.37	17.50	17.60
Sept	17.60	17.40	17.60	17.60

WHEAT 5,000 bu min, cents/60 lb bushel

	Close	Prev	High	Low
Sept	258.2	256.6	259.2	255.2
Dec	271.6	269.0	272.4	268.2
March	278.0	273.6	278.4	273.6
May	271.0	266.4	272.0	266.2
July	261.0	256.0	261.0	258.4

SPOT PRICES—Chicago loose lard 15.50 (16.00) cents per pound. Handy and Harman silver bullion 768.5 (768.0) cents per troy ounce. New York tin 297-303 (298-304) cents per pound.

POTATOES

Buying interest was evident on the opening and April rallied to £134.00 *before selling in any quantity emerged.* The keen selling pressure of last week was absent and the market bounced on fairly erratic turnover. With traders nervous afternoon volume was thin and values drifted back towards the close, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Nov	93.00	92.50	94.00-92.50
Feb.	102.00	101.60	—
Apr.	132.40	131.50	134.00-131.60
May	145.00	144.10	146.00

Sales: 553 (947) lots of 40 tonnes.

FREIGHT FUTURES

After a slow day levels were easier. A narrow range and little volume indicated the market was consolidating after the recent decline. Lack of physical news also meant no hint of direction to the futures although they remain steady, reports Clarkson Wolff.

	Close	High/Low	Prev.
	Dry Cargo		
July	974/979	974	972/975
Oct.	1048/1049	1053/1045	1058/1060
Jan.	1063/1057	1056/1047	1052/1060
Apr.	1055/1150	1059/1050	1060/1065
July	900/935	1040/1035	920/950
Oct.	970/990	—	1014.5
Jan.	950/1000	—	997.5
April	1040/1085	—	1072.5
BFI.	974.5	—	978.5

Turnover: 158 (235).

OIL

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel) August		
Arab Light	—	—
Arab Heavy	—	—
Dubai	17.55-17.65*	N/A
Brent Blend	19.30-19.35	−0.20
W.T.I. (1pm est)	20.55-20.60*	N/A
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—

PRODUCTS—North West Europe
Prompt delivery cif ($ per tonne)

Premium gasoline	194-197	−1
Gas Oil	159-162	−1.5
Heavy *fuel Oil*	106-109	−1.5
Naphtha	168-170	−1

* September
Petroleum Argus estimates

GRAINS

Wheat attempted to rally in early trading but met commission house selling. Barley continued to strengthen in the spot position on shipper export interest, reports T. G. Roddick.

Mnth	WHEAT Yest'rdy's close	+ or −	BARLEY Yest'rdy's close	+ or −
Sep.	99.90	−0.10	98.10	+0.25
Nov.	101.75	−0.25	100.55	+0.15
Jan.	104.60	−0.55	103.30	+0.05
Mar.	107.30	−0.35	105.60	+0.10
May	109.65	−0.40	107.50	+0.20
July	111.95	−0.05	—	—

Business done—Wheat: Sept 100.00, Nov 102.10-1.85, Jan 104.85, Mar and May untraded, July 112.00. Sales: 49 lots of 100 tonnes. Barley: Sept 98.20-8.00, Nov 100.60-0.50, Jan 103.4, Mar 15.65-5.30. May untraded. Sales: 82 lots of 100 tonnes.

LONDON GRAINS—Wheat: US dark northern spring no 2 14 per cent Aug *90.00, Sept 91.00, Oct 93.00, US no 2* soft red winter Aug 86.00, Sept 87.25, Oct 90.75. English feed fob Sept 101.50/102.00, Oct/Dec 105.00/105.50, Jan/Mar 109.00/109.50 buyer/sellers. Maize: US no 3 yellow/French transhipment east coast Aug 162.00. Barley: English feed Aug 97.50 buyer. Sept 100.00/100.50 buyer/sellers. Oct/Dec 104.50, Jan/Mar 108.00 buyers.

HGCA—Locational ex-farm spot prices. Feed barley: Eastern 95.00, E. Mids 96.90, Scotland 96.00. The UK monetary coefficient for the week begining Monday August 3 (based on HGCA calculations using four days' exchange rates) is expected to remain unchanged.

SUGAR

LONDON DAILY PRICE—Raw sugar $153.00 (£95.80), up $4.40 (up £3.00) a tonne for August-September delivery. White sugar $170.40, up $1.80.

No. 6 Contract	Yesterd's close	Previous close	Business done
	$ per tonne		
Aug	150.4-151.0	150.8-151.0	153.0-151.2
Oct	137.0-137.2	138.2-140.4	139.0-135.6
Dec	145.0-144.2	141.0-142.5	145.8-143.4
Mar	150.8-151.2	149.8-149.8	152.0-149.2
May	154.4-154.8	153.2-155.4	155.8-153.6
Aug	158.8-158.4	156.2-157.0	—
Oct	160.2-161.0	159.0-161.0	—

Sales: 3,215 (3,282) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £100.00 (£196.00) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports.) Prices for July 24: Daily price 5.62 (5.61); 15-day average 6.18 (6.24).

PARIS—(*FFr per tonne*): Oct 1065/1070, Dec 1083/1099, March 1138/1145, May 1161/1170, August 1195/1205, Oct 1230/1246.

GAS OIL FUTURES

Month	Yesterd'ys close	+ or −	Business done
	US$ per tonne		
Aug	160.75	−2.50	161.50-58.25
Sept	163.00	−1.75	163.25-60.50
Oct	165.00	−2.00	165.75-63.00
Nov	167.00	−2.25	167.50-65.50
Dec	169.50	−2.00	169.50-68.00

Turnover: 5,578 (4,353) lots of 100 tonnes.

TEA

At the London tea auction there were 30,174 packages on offer including 3,200 offshore, reports the Tea Brokers' Association. After a hesitant start a very strong demand prevailed.

Brazilian coffee registrations close

BY ANN CHARTERS IN SAO PAULO

BRAZILIAN COFFEE export registrations for next month closed on Friday at 1.9m bags of green beans. The registrations remained open for five days last week.

This was in contrast to recent months when they closed after one business day as volumes quickly reached the Brazilian Coffee Institute's informal limit for monthly exports.

Total registrations for the year to the end of September stand at 16.1m bags. September registrations closed after one day last week ahead of August registrations. This volume is more in line with Brazil's traditional exports at levels of 17m bags annually and well ahead of last year's 9.9m bags in total exports.

In spite of the healthy volume of registered sales, shipments are lagging. By July 22 only 9.09m bags of coffee had been shipped. There is a widespread view in the market that about 2m bags registered for export are actually so-called cold sales without firm buyers.

However, the institute's policy to discourage cold sales is under attack. It requires a 50 per cent deposit against its contribution quota, essentially an export tax. If the coffee is not actually shipped the exporter loses the deposit.

The company Ouro Fino Importacoes e Exportacoes of Rio de Janeiro obtained two court rulings last Friday permitting it to register export sales without paying the deposit and excluded a sale of 100,000 bags of coffee for shipment to Morocco, without the contribution quota being charged.

The institute reportedly declined to comment on the ruling but indicated it intended to protest the court orders in the next 10 days.

[illegible] من الأصل

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

US dollar little changed

THE DOLLAR lacked direction on the foreign exchanges yesterday, as dealers weighed the impact of a narrowing differential between US and foreign interest rates, and signs that the imbalance in trade between the US and other major economic nations was shrinking.

Other economic news had little impact. A rise of 0.4 per cent in June US personal income, and a gain of 0.7 per cent in consumption were in line with most expectations.

In June, West Germany's trade surplus narrowed to DM 8.3bn from DM 10.6bn in May, according to yesterday's figures. This followed the recent publication of a fall in Japan's June trade surplus, leading to hopes that the US trade deficit in June will be cut from the May shortfall of $14.4bn.

But in the present mood the trade position appears to be having less impact than a narrowing of interest rate differentials moving against the dollar. On Friday it was announced the Japanese long term banks are to increase their prime rate from August 1.

The dollar has found upward resistance against the D-Mark and yen recently, but dealers also question whether the US currency will fall very far ahead of the US Treasury quarterly refunding package in early August.

The dollar closed at DM 1.8550 from DM 1.8535 and Y150.35 from Y149.90. Elsewhere it rose to FFr 6.1725 from FFr 6.1675 and SFr 1.5385 compared with SFr 1.5355. On Bank of England figures, the dollar's exchange rate index was unchanged at 103.7.

STERLING—Trading range against the dollar in 1987 is 1.6885 to 1.4710. June average 1.6289. Exchange rate index fell 0.2 to 72.5 compared with 68.8 six months ago.

Sterling suffered from adverse press comments at the weekend, following last weeks UK economic data. Figures on bank lending, retail sales and trade, pointed towards heavy borrowing for spending on foreign goods, leading to suggestions that the economy is overheating. The pound weakened on fears of a worsening in the trade balance over the second half of the year, while North Sea oil prices also declined.

The pound closed at $1.5985 down from $1.6040 and DM2.9650 compared with DM2.9725. It was also lower against the yen at Y240.25 from Y240.50. Elsewhere it fell to SFr2.46 from SFr2.4625 and FFr9.8675 from FFr9.9825.

D-MARK—Trading range against the dollar in 1987 is 1.9385 to 1.7690. June average 1.8186. Exchange rate index 146.4 against 148.7 six months ago.

The D-Mark showed no reaction to news of a fall in the June West German current account and trade deficit. Figures on US personal income and consumption also had little impact.

West Germany's trade surplus narrowed to DM8.3bn in June from DM10.6bn in May, and the current account surplus fell to DM4.6bn from DM7.8bn. These figures should provide support for the dollar, but according to dealers are often ignored.

Turnover in the market was reported to be very quiet, with the US currency finding support around DM1.85.

At the Frankfurt fixing the Bundesbank did not intervene when the dollar fell to DM1.8505, from DM1.8548 on Friday.

JAPANESE YEN—Trading range against the dollar in 1987 is 159.45 to 138.35. June average 144.52. Exchange rate index 214.3 against 210.7 six months ago.

The dollar drifted in Tokyo, lacking direction, and finishing at Y149.50, unchanged from Friday's New York close. Disappointment that Friday's higher than expected rise of 2.6 per cent in second quarter US GNP growth failed to boost the dollar led to selling, with the US currency finding strong resistance at Y150. On Friday the dollar finished at Y150.70 on Tokyo, but now appears to have entered a bearish phase, although dealers were reluctant to move the currency yesterday, on a lack of new factors.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu July 27	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.0277	+1.34	+0.77	±1.5344
Danish Krone	7.85212	7.88168	+0.38	−0.19	±1.6404
German D-Mark	2.05853	2.07558	+0.83	+0.26	±1.0981
French Franc	6.90403	6.90719	+0.05	−0.522	±1.3674
Dutch Guilder	2.31943	2.33798	+0.80	+0.23	±1.5012
Irish Punt	0.768411	0.774600	+0.81	+0.24	±1.6684
Italian Lira	1483.58	1501.71	+1.22	+1.18	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

July 27	Latest	Previous Close
£ Spot	1.5960-1.5970	1.6060-1.6070
1 month	0.34-0.32 pm	0.29-0.28 pm
3 months	0.90-0.86 pm	0.91-0.89 pm
12 months	2.85-2.75 pm	3.17-3.07 pm

Forward premiums and discounts apply to the U.S. dollar.

POUND SPOT—FORWARD AGAINST THE POUND

July 27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5970-1.6065	1.5980-1.5990	0.31-0.28c pm	2.21	0.95-0.90 pm	2.31
Canada	2.1330-2.1450	2.1330-2.1340	0.10pm-par	0.28	0.29-0.16 pm	−0.42
Netherlands	3.33¼-3.35¼	3.33½-3.34½	1⅛-⅞c pm	3.59	3½-3 pm	3.82
Belgium	61.34-61.68	61.40-61.50	16-9c pm	2.44	48-37 pm	2.77
Denmark	11.29¼-11.29	11.25-11.26	⅛-1⅛ ore dis	−1.33	2⅝-3⅛ dis	−1.00
Ireland	1.1050-1.1100	1.1060-1.1070	Par-0.10p dis	−0.54	0.05-0.20 dis	−0.45
W. Germany	2.95¼-2.97½	2.96-2.97	1⅞-1⅛ pf pm	5.06	4-3⅞ pm	5.23
Portugal	231.10-233.03	231.10-232.10	85-165c dis	−6.09	315-410 dis	−6.26
Spain	202.74-203.96	203.00-203.30	130-165c dis	−8.71	385-440 dis	−8.12
Italy	2141¼-2153½	2144½-2145½	1-6 lire dis	−1.96	5-11 dis	−1.49
Norway	10.85½-10.95¼	10.91-10.92	4⅛-5 ore dis	−5.08	12½-13⅝ dis	−4.79
France	9.85¼-9.89¼	9.86¼-9.87¼	1¼-⅞c pm	1.06	3¼-2⅞ pm	1.14
Sweden	10.32-10.36½	10.33-10.34	⅛-⅜ore dis	−0.29	Par-⅝ dis	0.12
Japan	238¼-240¼	239¼-240¼	1¼-1 y pm	5.62	3¼-3 pm	5.20
Austria	20.80-20.92	20.84-20.87	9⅛-8⅞ gro pm	5.00	27⅞-25 pm	5.02
Switzerland	2.45¼-2.46½	2.45½-2.46½	1¼-1 c pm	5.49	3⅞-3⅛ pm	5.28

Belgian rate is for convertible francs. Financial franc 61.65-61.75. Six-month forward dollar 1.93-1.88 c pm. 12-month 3.47-3.37 pm.

STERLING INDEX

	July 27	Previous
8.30 am	72.7	72.7
9.00 am	72.6	72.7
10.00 am	72.5	72.7
11.00 am	72.5	72.6
Noon	72.4	72.7
1.00 pm	72.5	72.7
2.00 pm	72.4	72.8
3.00 pm	72.4	72.8
4.00 pm	72.5	72.7

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

July 27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5970-1.6065	1.5980-1.5990	0.31-0.28c pm	2.21	0.95-0.90 pm	2.31
Ireland†	1.4440-1.4485	1.4440-1.4450	0.33-0.27c pm	2.49	0.97-0.82 pm	2.47
Canada	1.3330-1.3377	1.3340-1.3350	0.20-0.23c dis	−1.93	0.62-0.65 dis	−1.90
Netherlands	2.0825-2.0910	2.0895-2.0905	0.30-0.26c pm	1.61	0.88-0.84 pm	1.65
Belgium	38.33-38.50	38.40-38.50	3pm-par	0.47	8-3 pm	0.57
Denmark	7.02-7.03⅞	7.03⅞-7.04⅛	1.10-1.80ore dis	−2.48	4.70-5.40 dis	−2.88
W. Germany	1.8485-1.8565	1.8545-1.8555	0.43-0.40pf pm	2.69	1.43-1.38pm	3.04
Portugal	144¼-145¼	144¼-145¼	75-105c dis	−7.46	270-320 dis	−8.15
Spain	126.63-127.00	126.90-127.00	100-130c dis	−10.89	310-360 dis	−10.58
Italy	1338-1343	1341½-1342½	3.50-5.50lire dis	−4.03	11.00-14.00dis	−3.73
Norway	6.76½-6.84½	6.82½-6.83	3.80-4.30ore dis	−7.14	11.50-12.00dis	−6.91
France	6.15¼-6.17½	6.17-6.17½	0.47-0.57c dis	−1.01	1.45-1.75 dis	−1.04
Sweden	6.44¼-6.46⅛	6.46¼-6.46½	0.95-1.25ore dis	−2.05	3.40-3.80 dis	−2.23
Japan	149.25-150.40	150.30-150.40	0.46-0.43y pm	3.57	1.17-1.12 pm	3.07
Austria	13.00½-13.03⅞	13.03⅞-13.03⅞	3.40-3.00gro pm	2.95	9.75-8.75pm	2.84
Switzerland	1.5305-1.5390	1.5380-1.5390	0.47-0.42c pm	3.49	1.25-1.20 pm	3.20

† UK and Ireland are quoted in US currency. Forw[illegible] premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for [illegible] franc. Financial franc 38.55-38.65

CURRENCY RATES

July 27	Bank rate %	Special Drawing Rights*	European Currency Unit
Sterling	—	0.79246	0.700343
U.S. Dollar	5.5	1.2690	1.12139
Canadian $	7.90	*	1.49593
Austrian Sch.	4	N/A	14.5904
Belgian Franc	7¼	"	43.0277
Danish Krone	7	"	7.88168
Deutsche Mark	3.0	2.3482	2.07558
Neth. Guilder	4½	N/A	2.33798
French Franc	9½	7.8168	6.90719
Italian Lira	11.5	N/A	1501.71
Japanese Yen	2½	189.90	167.648
Norway Krone	8	N/A	7.65292
Spanish Peseta	—	"	142.136
Swedish Krona	7½	"	7.23520
Swiss Franc	3.5	"	1.71797
Greek Drach.	20½	"	156.781
Irish Punt	—	"	0.774600

*CS/SDR rate for July 27; 1.69659

EURO-CURRENCY INTEREST RATES

July 27	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	8-8¼	8½-8¾	8⅞-9⅛	9⅜-9⅞	9⅞-9⅞	10-10⅛
U.S. Dollar	6⅞-6⅞	6⅝-6¾	6⅞-6⅞	6⅞-7⅛	7⅛-7¼	7⅞-7⅞
Can. Dollar	8⅛-8⅜	8⅝-8⅞	8⅞-8⅞	8⅝-8⅞	9⅛-9¼	9⅝-9⅝
D. Guilder	5-5⅛	5⅛-5⅞	5⅞-5⅞	5⅞-5⅞	5⅞-5½	5⅞-5⅞
Sw. Franc	⅝-⅞	8-8¼	3⅞-3⅞	3⅞-3⅞	3⅞-4	3⅞-4
Deutschmark	3⅞-4	4½-4⅞	4⅛-4⅞	4⅛-4⅞	4⅞-4⅞	4⅞-4⅞
Fr. Franc	7⅞-7⅞	7⅞-7⅞	7⅞-7⅞	8-8⅛	8⅞-8⅞	9-9⅛
Italian Lire	9½-11½	9-10	9⅛-10¼	10⅞-10⅞	10⅞-11	11⅛-11½
B. Fr. (Fin.)	6⅛-6⅞	6⅛-6½	6⅛-6½	6⅞-6⅞	6⅞-6⅞	7⅞-7⅞
B. Fr. (Con.)	5⅞-6⅛	6⅛-6⅞	6⅛-6½	6⅞-6⅞	6⅞-7	7⅞-7⅞
Yen	3⅞-3⅞	3⅞-3⅞	3⅞-3⅞	4-4⅞	4⅛-4⅞	4⅞-4⅛
D. Krone	9½-9⅞	9⅞-10	9⅛-10	9⅞-10⅛	10⅞-10⅞	10⅞-11
Asian $Sing.	2⅞-3	N/A	3⅞-4⅞	4⅛-4¼	4½-4⅞	4⅞-5

Long-term Eurodollars: Two years 8⅛-8⅞ per cent; three years 8⅞-8⅞ per cent; four years 8⅞-9 per cent; five years 8⅞-9⅛ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

CURRENCY MOVEMENTS

July 27	Bank of England Index	Morgan Guaranty Changes %
Sterling	72.5	−21.1
U.S. Dollar	103.7	−3.6
Canadian Dollar	78.2	−10.6
Austrian Schilling	137.3	+10.1
Belgian Franc	99.7	−4.6
Danish Krone	91.8	+2.3
Deutsche Mark	146.4	+21.3
Swiss Franc	172.2	+22.4
Guilder	134.4	+14.1
French Franc	71.8	−12.8
Lira	47.1	−18.4
Yen	214.3	+59.3

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base average 1975=100).

OTHER CURRENCIES

July 27	£	$
Argentina	3.0950-3.1075	1.9345-1.9415
Australia	2.2730-2.2760	1.4210-1.4220
Brazil	72.5920-72.9780	45.3700-45.5970
Finland	7.1810-7.1935	4.4895-4.4905
Greece	222.50-226.50	138.55-140.90
Hong Kong	12.4840-12.4975	7.8075-7.8085
Iran	116.60*	72.10*
Korea (Sth)	1291.90-1303.60	804.50-811.10
Kuwait	0.45410-0.45470	0.28385-0.28395
Luxembourg	61.40-61.50	38.40-38.50
Malaysia	4.0695-4.0735	2.5450-2.5460
Mexico	2226.80-2250.60	1392.00-1406.00
N. Zealand	2.7140-2.7200	1.6965-1.6995
Saudi Ar.	6.0010-6.0060	3.7505-3.7510
Singapore	3.3765-3.3820	2.1120-2.1130
S. Af. (Cm)	3.3020-3.3175	2.0670-2.0715
S. Af. (Fn)	5.2455-5.4240	3.2785-3.3900
Taiwan	49.85-50.10	31.05-31.15
U.A.E.	5.8760-5.8815	3.6725-3.6795

*Selling rate

EXCHANGE CROSS RATES

July 27	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.599	2.965	240.3	9.868	2.460	3.340	2145.	2.134	61.45
$	0.626	1.	1.855	150.4	6.173	1.539	2.009	1342.	1.335	38.45
DM	0.337	0.539	1.	81.03	3.328	0.830	1.126	723.4	0.720	20.73
YEN	4.162	6.653	12.34	1000.	41.07	10.24	13.90	8928.	8.880	255.8
F Fr.	1.013	1.620	3.005	243.5	10.	2.493	3.385	2174.	2.162	62.28
S Fr.	0.407	0.650	1.205	97.66	4.011	1.	1.358	872.0	0.867	24.98
H Fl.	0.299	0.479	0.888	71.93	2.954	0.737	1.	642.2	0.635	18.40
Lira	0.466	0.745	1.382	112.0	4.600	1.147	1.557	1000.	0.995	28.65
C $	0.469	0.749	1.390	112.6	4.625	1.153	1.566	1005.	1.	28.80
B Fr.	1.627	2.601	4.825	391.0	16.06	4.003	5.435	3491.	3.472	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

FINANCIAL FUTURES

Gilts take the brunt

GILT PRICES fell sharply in the London International Financial Futures Exchange yesterday. Trading was very active but mostly in one direction as speculators reacted to last week's poor UK economic data.

A wave of selling followed last week's disappointing economic data which included a rise in retail sales and bank lending which suggested an underlying rise in the rate of inflation and poor trade figures which were taken as an indication that increased spending powers were sucking in imports.

The loss of confidence came despite comments over the weekend which suggested that one month's figures were unlikely to signify a trend and that there was no real evidence that increased imports were a reflection of increased spending rather than a greater intake of raw materials to meet increased productivity.

Whatever the figures suggested, investors were in no mood to hold on to long gilt and sterling futures. Consequently the long gilt opened at 120-29 for September delivery, which proved to be the day's high and slipped to a low of 119-07 before finishing at 119-13, down from 121-04 on Friday.

Three-month sterling deposits acted in much the same way, falling to a low of 90.22 from an opening of 90.46 before closing at 90.23, down from 90.47 previously.

Today's quarterly review by the CBI is expected to give the market a renewed impetus, the biggest problem being in which direction.

US Treasury bonds were confined to a relatively narrow range, opening at 89-19 from September delivery and trading between a high of 90-03 and a low of 89-14 before closing at 90-02. The recent narrowing in interest rate differentials between the US and Japan together with the possibility of a bigger fund raising programme if an increase in the US debt ceiling is approved by Congress tended to deter traders from establishing any strong trend.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls—Last Sept	Calls—Last Dec	Puts—Last Sept	Puts—Last Dec
116	3.39	4.43	0.13	1.25
118	1.58	3.28	0.32	2.10
120	0.53	2.19	1.27	3.01
122	0.18	1.34	2.56	4.16
124	0.05	0.63	4.43	5.45
126	0.02	0.39	6.40	7.21
128	0.00	0.23	8.38	9.05
130	0.00	0.13	10.38	10.59

Estimated volume total, Calls 3,000 Puts 2,677
Previous day's open int: Calls 28,220 Puts 19,007

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls—Last Sept	Calls—Last Dec	Puts—Last Sept	Puts—Last Dec
82	8.05	7.45	0.01	0.41
84	6.08	6.09	0.04	1.05
86	4.19	4.48	0.15	1.44
88	2.38	3.28	0.34	2.24
90	1.12	2.21	1.08	3.17
92	0.26	1.37	2.22	4.33
94	0.08	1.01	4.04	5.61
96	0.03	0.41	5.63	7.37

Estimated volume total, Calls 0 Puts 171
Previous day's open int: Calls 1,897 Puts 2,159

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls-Last July	Calls-Last Aug.	Puts-Last July	Puts-Last Aug.
22500	12.44	13.99	0.74	2.20
22750	10.36	12.08	1.16	2.88
23000	8.46	10.39	1.76	3.69
23250	6.74	8.85	2.54	4.65
23500	5.25	7.45	3.55	5.75
23750	3.98	6.21	4.78	7.01
24000	2.94	5.12	6.24	8.42
24250	2.11	4.17	7.91	9.97

Estimated volume total, Calls 23 Puts 2
Previous day's open int: Calls 285 Puts 135

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike Price	Calls—Last Aug.	Sept.	Oct.	Dec.	Puts—Last Aug.	Sept.	Oct.	Dec
1.45	—	14.95	—	14.95	—	0.00	—	0.26
1.50	9.95	9.95	9.95	9.95	0.00	0.08	0.31	0.86
1.55	4.95	5.08	5.34	5.73	0.14	0.63	1.24	2.20
1.60	0.87	1.75	2.44	3.13	1.13	2.30	3.34	4.60
1.65	0.11	0.30	0.87	1.13	5.37	5.85	6.77	7.60
1.70	0.00	0.03	0.23	0.39	10.26	10.58	11.13	11.86
1.75	0.00	0.00	—	0.11	15.26	15.55	—	16.58

Estimated volume total, Calls 0 Puts 5
Previous day's open int, Calls 322 Puts 1,536

LONDON SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls—Last Aug.	Sept.	Oct.	Dec.	Puts—Last Aug.	Sept.	Oct.	Dec.
1.45	—	12.70	—	12.90	—	1.50	—	2.70
1.50	10.30	10.30	10.30	10.30	0.20	0.25	0.70	1.10
1.55	5.30	5.40	5.85	6.30	0.30	0.70	1.40	2.40
1.60	1.50	2.10	2.80	3.50	1.55	2.30	3.40	4.55
1.65	0.90	0.65	1.20	1.75	5.40	5.95	6.70	7.75
1.70	0.20	0.25	0.45	0.85	10.25	10.50	10.95	11.75
1.75	0.35	0.50	—	1.20	14.80	15.30	—	16.50

Previous day's open int: Calls 831 Puts 185
Volume: 2

PHILADELPHIA SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls—Last Aug.	Sept.	Oct.	Dec.	Puts—Last Aug.	Sept.	Oct.	Dec.
1.600	0.90	1.65	2.20	3.00	1.20	2.10	2.90	4.10
1.625	0.25	0.80	1.45	2.05	2.60	3.40	4.35	5.55
1.650	0.15	0.40	0.80	1.46	4.80	5.40	6.20	7.35
1.675	—	0.15	0.40	0.95	7.20	7.60	8.30	9.15
1.700	—	0.05	0.20	0.65	9.60	9.90	0.40	11.25
1.725	—	0.05	0.10	0.40	2.10	2.30	0.40	3.45
1.750	—	0.10	—	0.25	4.60	4.90	—	5.65

Previous day's open int: Calls 73,919 Puts 58,263
Previous day's volume: Calls 138 puts 113

LIFFE—EURODOLLAR OPTIONS
$1m points of 100%

Strike Price	Calls—Last Sept.	Dec.	Mar.	June	Puts—Last Sept.	Dec.	Mar.	June
91.50	1.18	0.96	0.87	—	0.00	0.13	0.31	—
91.75	0.94	0.77	0.70	—	0.01	0.19	0.39	—
92.00	0.71	0.59	0.55	—	0.03	0.26	0.49	—
92.25	0.49	0.43	0.43	—	0.06	0.35	0.62	—
92.50	0.28	0.30	0.32	—	0.10	0.47	0.76	—
92.75	0.14	0.19	0.23	—	0.21	0.61	0.92	—
93.00	0.05	0.12	0.16	—	0.37	0.79	1.10	—

Previous day's open int: Calls 2,085 Puts 2,318
Estimated volume, Calls 0 Puts 5

LONDON

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev.
Sept.	119.13	120.29	119.07	121.04
Dec.	119.09	—	—	121.00

Estimated volume 36,237 (20,673)
Previous day's open int. 30,623 (31,751)

6% NOTIONAL LONG TERM JAPANESE GOVT BOND Y100m 100ths of 100%

	Close	High	Low	Prev.
Sept.	107.10	107.17	106.80	107.34
Dec.	106.40	—	—	106.30

Estimated Volume 1,060 (2,521)
Previous day's open int. 997 (1,076)

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev.
Sept.	90.23	90.47	90.22	90.47
Dec.	89.99	90.23	89.99	90.25
Mar.	89.89	90.02	89.89	90.17
June	89.85	89.98	89.85	90.09
Sept.	89.78	89.89	89.78	90.05
Dec.	89.60	—	—	89.84

Estimated Volume 8,268 (4,725)
Previous day's open int. 15,741 (15,793)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev.
Sept.	236.70	236.80	234.60	238.30
Dec.	241.20	—	—	242.80

Estimated volume 1,432 (1,523)
Previous day's open int. 7,004 (6,887)

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev.
Sept.	92.68	92.68	92.64	92.66
Dec.	92.33	92.33	92.28	92.31
March	92.06	92.05	92.02	92.05
June	91.83	91.82	91.80	91.82
Sept.	91.61	—	—	91.60
Dec.	91.40	—	—	91.39
Mar.	91.20	—	—	91.19
June	91.01	—	—	91.00

Estimated volume 3,643 (7,276)
Previous day's open int. 28,464 (28,146)

U.S. TREASURY BONDS 8%
$100,000 32nds of 100%

	Close	High	Low	Prev.
Sept.	90.02	90.03	89.14	89.23
Dec.	89.02	—	—	88.23

Estimated Volume 3,880 (8,723)
Previous day's open int. 6,559 (6,791)

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

	Close	High	Low	Prev.
Sept.	90.01	90.02	89.18	89.25
Dec.	89.00	89.01	88.17	88.25
Mar.	88.02	88.02	87.21	87.27
June	87.07	87.07	87.01	87.00
Sept.	86.13	86.13	86.05	86.07
Dec.	85.21	85.21	85.17	85.16
Mar.	—	—	—	84.26
June	—	—	—	84.06
Sept.	—	—	—	83.19
Dec.	—	—	—	83.01
Mar.	—	—	—	82.17

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Close	High	Low	Prev.
Sept.	93.92	93.92	93.87	93.92
Dec.	93.64	93.64	93.59	93.64
Mar.	93.40	93.40	93.35	93.39
Jun.	93.17	93.17	93.14	93.18
Sept.	—	—	—	92.97
Dec.	—	—	—	92.77
Mar.	—	—	—	92.56

SWISS FRANC (IMM)
SFr 125,000 $ per SFr

	Close	High	Low	Prev.
Sep.	0.6539	0.6555	0.6538	0.6533
Dec.	0.6596	0.6615	0.6596	0.6589
Mar.	0.6660	0.6666	—	0.6645
June.	—	—	—	0.6707

JAPANESE YEN (IMM)
Y12.5m $ per Y100

	Close	High	Low	Prev.
Sept.	0.6698	0.6722	0.6698	0.6704
Dec.	0.6751	0.6772	0.6751	0.6755
Mar.	0.6803	0.6815	0.6803	0.6811
June	—	—	—	0.6874

DEUTSCHE MARK (IMM)
DM125,000 $ per DM

	Close	High	Low	Prev.
Sept.	0.5416	0.5426	0.5415	0.5411
Dec.	0.5459	0.5469	0.5459	0.5433
Mar.	—	—	—	0.5497

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Close	High	Low	Prev.
Sept.	92.67	92.68	92.64	92.66
Dec.	92.32	92.33	92.28	92.30
Mar.	92.05	92.05	92.02	92.03
June	91.82	91.82	91.79	91.80
Sept.	91.59	91.59	91.56	91.58
Dec.	91.38	91.39	91.36	91.37
Mar.	91.17	91.18	91.15	91.16
June	90.98	90.98	90.95	90.96

STANDARD & POORS 500 INDEX
$500 times index

	Close	High	Low	Prev.
Sept.	310.30	310.55	309.20	310.60
Dec.	312.85	313.10	311.75	312.90
Mar.	315.20	315.30	314.20	315.20
June	317.60	317.75	316.60	317.65

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.5985	1.5956	1.5863	1.5795	1.5643

IMM—STERLING $s per £

	Close	High	Low	Prev
Sept.	1.5950	1.5975	1.5940	1.5995
Dec.	1.5805	1.5860	1.5850	1.5900
Mar.	1.5790	—	1.5790	1.5845
June	1.5725	—	1.5725	1.5785

LIFFE—STERLING £25,000 $ per £

	Latest	High	Low	Prev
Sept.	1.5945	1.5950	1.5950	1.6009
Dec.	1.5853	—	—	1.5920
Mar.	1.5770	—	—	1.5837

Estimated volume 1 (13)
Previous day's open int 817 (828)

MONEY MARKETS

UK rates higher as pound falls

INTEREST RATES were higher in London yesterday. Recent economic data were sufficent to push rates firmer despite comments over the weekend which tended to suggest that poor trade and money supply figures for one month were not really a clear indication of economic trends. Three-month interbank money touched 9½-9⅜ per cent before finishing at 9⅞-9⅜ per cent still up from 9¼-9⅛ per cent.

Overnight money traded between a high of 10 per cent and a low of 6 per cent.

UK clearing bank base lending rate 9 per cent since May 8

The Bank of England forecast a shortage of around £650m with factors affecting the market including the repayment of late assistance and bills maturing in official hands together with a take up of Treasury bills draining £1,620m and banks' balances brought forward £95m below target. These were partly offset by Exchequer transactions which added £715m and a fall in the note circulation of £375m.

The forecast was revised to a shortage of around £250m. It was then revised to a shortage of around £350m and the Bank gave assistance in the morning of £327m through outright purchases of £18m of eligible bank bills in band 3 at 8⅞ per cent. In band 4 it bought £5m of Treasury bills, £2m of local authority bills and £302m of eligible bank bills all at 8⅞ per cent.

Another revision took the forecast to a shortage of around £400m, before taking into account the morning help and the Bank gave additional help in the afternoon of £48m through outright purchases of £25m of eligible bank bills in band 3 and £23m of Treasury bills in band 4 all at 8⅞ per cent.

Total help came to £375m.

In Frankfurt call money rose to 4.25 per cent from 3.825 per cent on Friday as commercial banks were actively seeking funds to meet end of monthly requirements. In addition the Bundesbank withdrew an estimated DM1bn which had been injected to help the market through a tight period.

The shortage of funds gave rise to rumours that the authorities would be reluctant to add additional liquidity after rates were allowed to rise at the last sale and repurchase tender. However the Bundesbank had been keen so far, to play down the rise in rates.

FT LONDON INTERBANK FIXING

(11.00 a.m. July 27) 3 months U.S. dollars		6 months U.S. dollars	
bid 6 ⅞	offer 7 ⅛	bid 7 ⅛	offer 7 ¼

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunch time)

Prime rate	8¼
Broker loan rate	7¾
Fed. funds	6⅝
Fed funds at intervention	6⅞

Treasury Bills and Bonds

One month	5.01	Three year	7.79
Two month	5.33	Four year	8.01
Three month	5.97	Five year	8.13
Six month	6.27	Seven year	8.38
One year	6.76	10 year	8.56
Two year	7.49	30 year	8.82

July 27	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	4.00-4.60	3.80-3.95	3.80-3.95	3.80-3.95	3.90-4.05	5.0
Paris	7½-7⅝	7⅝-7¾	7⅞-7⅞	7⅞-7⅞	8⅞-8⅞	7½
Zurich	⅞-1⅛	3½-3⅞	—	3⅝-3⅞	—	—
Amsterdam	5⅛-5⅞	5⅛-5⅞	—	5⅞-5⅞	—	—
Tokyo	3.21875	3.53125	—	3.71875	—	—
Milan	10⅞-11⅛	10⅞-11⅛	—	10⅞-11⅛	—	—
Brussels	5.00	6⅞-6½	—	6⅞-6⅞	—	—
Dublin	8½-8⅞	9⅛-9½	9½-9⅞	9⅞-9⅞	10½-10⅞	—

LONDON MONEY RATES

July 24	Over-night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	10-6	8⅞-8½	9-8⅞	9½-9⅞	9⅞-9⅞	10⅞-9⅞
Sterling CDs	—	—	8⅞-8¾	9⅞-9⅛	9⅞-9⅞	9⅞-9⅞
Local Auth'rity Deps.	—	—	8⅞	9⅞	9⅞	9¾
Local Authority Bonds	—	—	9¼	9⅞	9⅞	10⅞
Discount Mkt Deps.	9⅞-6⅞	8¾	8⅞	8⅞	—	—
Company Deposits	8⅞-8½	—	9	9⅛	9¼	10
Finance House Deposits	—	—	8⅞	9⅞	9⅞	10
Treasury Bills (Buy)	—	—	8⅞	8⅞	—	—
Bank Bills (Buy)	—	—	8⅞	8⅞	9¼	—
Fine Trade Bills (Buy)	—	—	9⅞	9⅞	9⅞	—
Dollar CDs	—	—	6.75-6.70	6.90-6.85	7.15-7.10	7.60-7.55
SDR Linked Deposits	—	—	6-5⅞	6⅛-6	6⅞-6⅞	6⅞-6½
ECU Linked Deposits	—	—	6⅞-6⅞	6⅞-6⅞	7-6⅞	7⅞-7

Treasury Bills (sell); one-month 8⅞ per cent; three-months 8⅞ per cent; Bank Bills (sell): one-month 8⅞ per cent; three months 8⅞ per cent; Treasury Bills; Average tender rate of discount 8.8442 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day June 30, 1987. Agreed rates for period July 26 to August 25, 1987, Scheme I: 10.47 p.c., Schemes II & III: 10.17 p.c. Reference rate for period May 30 to June 30, 1987, Scheme IV: 8.940 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 9 per cent from July 1, 1987: Bank Deposit Rates for sums at seven days' notice 3-3½ per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 8 per cent; one-three months 8¼ per cent; three-six months 9 per cent; six-nine months 9⅛ per cent; nine-12 months 9¼ per cent; Under £100,000 6 per cent from July 16. Deposits withdrawn for cash 5 per cent.

£ WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on July 27, 1987. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rate; (cm) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non commercial rate; (nom) nominal; (o) official rate; (sg) selling rate; (c) controlled rate.

COUNTRY	CURRENCY	VALUE OF £ STERLING
Afghanistan	Afghani	99.20
Albania	Lek	10.0780
Algeria	Dinar	7.4767
Andorra	French Franc	9.8675
	Spanish Peseta	203.15
Angola	Kwanza	49.118
Antigua	E. Caribbean $	4.32
Argentina	Austral	3.1013
Aruba	Florin	2.8773
Australia	Australian $	2.2745
Austria	Schilling	20.855
Azores	Portuguese Escudo	231.60
Bahamas	Bahama $	1.5985
Bahrain	Dinar	0.6050
Balearic Islands	Spanish Peseta	203.15
Bangladesh	Taka	48.80
Barbados	Barbados $	3.2151
Belgium	Belgian Franc	(cm) 61.45
		(fn) 61.70
Belize	B $	3.1970
Benin	C.F.A. Franc	493.38
Bermuda	Bermudian $	1.5985
Bhutan	Ngultrum	20.75
Bolivia	Boliviano	(o) 3.2981
Botswana	Pula	2.73
Brazil	Cruzado	72.7850
British Virgin Islands	U.S. $	1.5985
Brunei	Brunei $	3.3793
Bulgaria	Lev	1.4334
Burkino Faso	C.F.A. Franc	493.38
Burma	Kyat	10.8865
Burundi	Burundi Franc	205.875
Cameroon	C.F.A. Franc	493.38
Canada	Canadian $	2.1335
Canary Islands	Spanish Peseta	203.15
Cape Verde Islands	Cape V. Escudo	142.70
Cayman Islands	Cayman Isles $	1.3347
Cent. Afr. Republic	C.F.A. Franc	493.38
Chad	C.F.A. Franc	493.38
Chile	Chilean Peso	359.30
China	Renminbi Yuan	5.9609
Colombia	Col. Peso	392.40
Comoro Islands	C.F.A. Franc	493.38
Congo (Brazzaville)	C.F.A. Franc	493.38
Costa Rica	Colon	100.27
Cuba	Cuban Peso	1.3330
Cyprus	Cyprus £	0.7800
Czechoslovakia	Koruna	(com) 8.90
		nc 15.51
		(T) 15.05
Denmark	Danish Kroner	11.2550
Djibouti Republic of	Djibouti Franc	281.00
Dominica	E. Caribbean $	4.32
Dominican Republic	Dominican Peso	5.2833
Ecuador	Sucre	(o) 254.88
		(F) 298.96
Egypt	Egyptian £	3.522
El Salvador	Colon	7.9998
Equatorial Guinea	C.F.A. Franc	493.38
Ethiopia	Ethiopian Birr	3.3150
Falkland Islands	Falkland Isles £	1.0
Faroe Islands	Danish Kroner	11.2550
Fiji Islands	Fiji $	2.0932
Finland	Markka	7.1873
France	Franc	9.8675
French C'ty in Africa	C.F.A. Franc	493.38
French Guiana	Local Franc	9.8675
French Pacific Islands	C.F.P. Franc	178.00
Gabon	C.F.A. Franc	493.38
Gambia	Dalasi	11.91
Germany (East)	Ostmark	2.9650
Germany (West)	Deutsche Mark	2.9650
Ghana	Cedi	260.17
Gibraltar	Gibraltar £	1.0
Greece	Drachma	224.50
Greenland	Danish Krone	11.2550
Grenada	E. Caribbean $	4.32
Guadaloupe	Local Franc	9.8675
Guam	U.S. $	1.5985
Guatemala	Quetzal	1.5985
		(F) 4.4603
Guinea	Franc	544.34
Guinea-Bissau	Peso	1040.65
Guyana	Guyanese $	14.42
Haiti	Gourde	7.9925
Honduras	Lempira	3.2001
Hong Kong	H.K. $	12.4908
Hungary	Forint	77.3002
Iceland	Icelandic Krona	62.85
India	Indian Rupee	20.75
Indonesia	Rupiah	2644.62
Iran	Rial	116.60
Iraq	Iraqi Dinar	0.4991
Irish Republic	Punt	1.1065
Israel	Shekel	2.5880
Italy	Lira	2145.00
Ivory Coast	C.F.A. Franc	493.38
Jamaica	Jamaican Dollar	8.6475
Japan	Yen	240.25
Jordan	Jordanian Dinar	0.5530
Kampuchea	Riel	N/A
Kenya	Kenya Shilling	26.35
Kiribati	Australian $	2.2745
Korea (North)	Won	1.5026
Korea (South)	Won	1297.75
Kuwait	Kuwaiti Dinar	0.4544
Laos	New Kip	55.94
Lebanon	Lebanese £	286.32
Lesotho	Maluti	3.3098
Liberia	Liberian $	1.5985
Libya	Libyan Dinar	0.4864
Liechtenstein	Swiss Franc	2.4600
Luxembourg	Luxembourg Franc	61.70
Macao	Pataca	12.877
Madeira	Portuguese Escudo	231.60
Malagasy Republic	M.G. Franc	176.75
Malawi	Kwacha	3.6540
Malaysia	Ringgit	4.0715
Maldive Islands	Rufiyra	11.1895
Mali Republic	C.F.A. Franc	493.38
Malta	Maltese £	0.5650
Martinique	Local Franc	9.8675
Mauritania	Ouguiya	119.75
Mauritius	Mauritian Rupee	20.95
Mexico	Mexican Peso	2238.40
		2226.99
Miquelon	Local Franc	9.8675
Monaco	French Franc	9.8675
Mongolia	Tugrik	5.3638
Montserrat	E. Caribbean $	4.32
Morocco	Dirham	13.50 (sg)
Mozambique	Metical	323.40
Namibia	S.A. Rand	3.3098
Nauru Islands	Australian $	2.2745
Nepal	Nepalese Rupee	33.6210
Netherlands	Guilder	3.34
Netherland Antilles	Antillian Guilder	2.8773
New Zealand	N.Z. $	2.7170
Nicaragua	Cordoba	3519.50
Niger Republic	C.F.A. Franc	493.38
Nigeria	Naira	6.7880
Norway	Norwegian Krone	10.9150
Oman Sultanate of	Rial Omani	0.6175
Pakistan	Pakistan Rupee	27.70
Panama	Balboa	1.5985
Papua New Guinea	Kina	1.4545
Paraguay	Guarani	512.96 (10)
		1258.36
Peru	Inti	(exc)o)25.47
		(F) 49.69
		(Fn) 31.86
Philippines	Philippine Peso	32.00
Pitcairn Islands	£ Sterling	—
	New Zealand $	2.7170
Poland	Zloty	432.91
Portugal	Escudo	231.60
Puerto Rico	U.S. $	1.5985
Qatar	Qatari Ryal	5.8415
Reunion Isle de la	French Franc	9.8675
Romania	Leu	(N/C) 16.24
Rwanda	Rwanda Franc	130.30
St. Christopher	E. Caribbean $	4.32
St. Helena	St. Helena £	1.00
St. Lucia	E. Caribbean $	4.32
St. Pierre	Local Franc	9.8675
St. Vincent	E. Caribbean $	4.32
Samoa American	U.S. $	1.5985
San Marino	Italian Lira	2145.00
São Tomé & Principe	Dobra	57.32
Saudi Arabia	Saudi Ryal	6.0035
Senegal	C.F.A. Franc	493.38
Seychelles	S. Rupee	9.00
Sierra Leone	Leone	(o) 38.80
Singapore	Singapore $	3.3793
Solomon Islands	Solomon Is. $	3.2703
Somali Republic	Somali Shilling	192.14
South Africa	Rand	(Cm) 3.3098
		(Fn) 5.3348
Spain	Peseta	203.15
Spanish ports in North Africa	Peseta	203.15
Sri Lanka	S.L. Rupee	46.80
Sudan Republic	Sudan £	3.9963
Surinam	S. Guilder	2.8533
Swaziland	Lilangeni	3.3098
Sweden	Swedish Krona	10.3350
Switzerland	Swiss Franc	2.4600
Syria	Syrian £	(o) 6.2741
Taiwan	New Taiwan $	49.975
Tanzania	Tan. Shilling	104.40
Thailand	Baht	42.13
Togo Republic	C.F.A. Franc	493.38
Tonga Islands	Palanga	2.2745
Trinidad & Tobago	Trinidad & Tob. $	5.7546
Tunisia	Tunisian Dinar	1.3854 (sg)
Turkey	Turkish Lira	1398.66
Turks & Caicos Islands	U.S. $	1.5985
Tuvalu	Australian $	2.2745
Uganda	Uganda Shilling	96.00
United States	U.S. $	1.5985
Uruguay	Uruguay Peso	364.62
United Arab Emirates	U.A.E. Dirham	5.8788
USSR	Rouble	1.0353
Vanuatu	Vatu	176.00
Vatican	Italian Lira	2145.0
Venezuela	Bolivar	(4) 6.87
		(5) 11.99
		(6) 46.58
Vietnam	Dong	(o) 128.08
Virgin Islands U.S.	U.S. $	1.5985
Western Samoa	Tala	(A) 3.3368
Yemen (North)	Ryal	(A) 16.45 (sg)
Yemen (South)	S. Yemen Dinar	0.5491
Yugoslavia	New Y. Dinar	1146.30
Zaire Republic	Zaire	196.91
Zambia	Kwacha	12.45 (17)
Zimbabwe	Zimbabwe $	2.7050

‡Rate is the transfer market (controlled). ‡‡ Now one official rate. (1) Essential goods. (2) Preferential rate for priority imports such as foodstuffs. (4) Preferential rate for Public Sector Debt and Essential imports. (5) Preferential rate. (6) Free rate for luxury imports, remittances of money abroad and foreign travel. (7) Parallel rate. (9) Banknote rate. (10) Rate for exports. (14) Nearly all business transactions. (15) Nigeria, Auction price for dollar N/A. (16) Bolivia, New Currency introduced (Boliviano, worth 1m Pesos) Jan 1 1987.

WORLD MARKETS

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	FRIDAY JULY 24 1987					THURSDAY JULY 23 1987			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987 High	1987 Low	Year ago (approx)
Australia (94)	149.30	+0.7	138.00	140.31	2.83	148.28	137.01	139.01	149.30	99.92	70.54
Austria (16)	98.59	+0.0	91.13	94.85	2.18	98.63	91.13	94.91	101.62	85.53	86.11
Belgium (48)	128.27	+1.5	118.56	121.47	3.92	126.35	116.75	120.28	128.27	96.19	81.78
Canada (132)	135.13	−0.5	124.90	131.02	2.14	135.76	125.45	130.65	138.59	100.00	95.16
Denmark (39)	113.58	+0.4	104.98	108.59	2.55	113.15	104.55	108.15	124.10	98.18	91.07
France (121)	108.46	+1.5	100.25	104.93	2.69	106.90	98.78	103.51	121.82	98.39	88.12
West Germany (92)	98.06	+0.5	90.64	94.49	2.00	97.56	90.15	94.06	100.33	84.00	81.07
Hong Kong (45)	134.26	−0.5	124.10	134.59	2.69	134.93	124.68	135.26	135.36	96.89	73.43
Ireland (14)	138.66	+1.0	128.16	135.20	3.31	137.31	126.88	133.94	145.41	99.50	91.56
Italy (76)	95.07	−1.3	87.87	95.21	1.90	96.31	88.99	96.53	112.11	93.47	88.65
Japan (458)	133.92	+5.1	123.78	126.89	0.53	127.40	117.72	121.40	161.28	100.00	91.19
Malaysia (36)	182.08	−0.3	168.30	178.44	2.10	182.55	168.68	179.27	186.58	98.24	76.89
Mexico (14)	309.34	+0.1	285.92	472.48	0.64	309.04	285.56	470.01	309.34	99.72	56.65
Netherland (38)	126.58	−0.1	117.00	120.54	3.66	126.70	117.08	120.81	127.97	99.65	88.73
New Zealand (26)	109.92	+0.0	101.60	97.49	2.99	109.97	101.62	95.93	109.97	83.93	71.88
Norway (24)	152.36	+0.3	140.82	140.00	1.95	151.92	140.37	139.70	152.36	100.00	91.66
Singapore (27)	161.30	−0.6	149.09	157.03	1.58	162.32	149.98	158.32	163.97	99.29	76.00
South Africa (61)	*179.03*	*−3.0*	*165.48*	*131.57*	3.18	*184.62*	*170.59*	*133.43*	186.74	100.00	73.10
Spain (43)	129.52	+0.5	119.71	124.61	3.24	128.88	119.09	123.95	129.52	100.00	82.72
Sweden (33)	118.87	+0.2	109.87	113.59	2.04	118.67	109.66	113.40	124.68	90.85	89.31
Switzerland (53)	102.41	−0.8	94.66	97.49	1.70	103.28	95.44	98.38	104.06	92.01	81.03
United Kingdom (336)	153.96	+0.3	142.30	142.30	3.06	153.46	141.80	141.80	162.87	99.65	92.47
USA (591)	126.01	+0.5	116.47	126.01	2.88	125.42	115.89	125.42	128.24	100.00	100.54
Europe (933)	124.74	+0.3	115.29	118.14	2.75	124.39	114.94	117.85	128.35	99.78	87.67
Pacific Basin (686)	134.49	+4.7	124.30	127.56	0.70	128.45	118.69	122.45	158.77	100.00	89.78
Euro−Pacific (1619)	130.64	+3.0	120.75	123.80	1.49	126.88	117.24	120.62	143.65	100.00	88.95
North America (723)	126.50	+0.4	116.92	126.31	2.83	125.98	116.41	125.74	128.80	100.00	100.26
Europe Ex. UK (597)	106.59	+0.2	98.53	103.03	2.47	106.35	98.27	102.88	107.75	98.02	84.79
Pacific Ex. Japan (228)	141.51	+0.2	130.80	135.54	2.70	141.30	130.56	135.02	141.51	99.92	72.25
World Ex. US (1826)	131.43	+2.7	121.48	124.39	1.53	127.93	118.21	121.38	143.38	100.00	88.97
World Ex. UK (2081)	126.87	+2.1	117.27	123.39	1.92	124.32	114.88	121.13	133.61	100.00	93.60
World Ex. So. Af. (2356)	128.96	+1.9	119.20	125.05	2.03	126.54	116.93	122.92	135.02	100.00	93.61
World Ex. Japan (1959)	127.10	+0.3	117.48	124.25	2.80	126.71	117.08	123.81	129.24	100.00	94.59
The World Index (2417)	129.28	+1.9	119.49	125.14	2.04	126.91	117.27	123.04	135.15	100.00	93.49

Base values: Dec 31, 1986 = 100

Corrected indices for July 24: France, Europe, Euro-Pacific, Europe Ex US, World Ex UK, World Ex South Africa, World Ex Japan and The World Index.

Prices for Denmark on July 27 were unavailable.

Latest prices were unavailable for this edition.

EUROPEAN OPTIONS EXCHANGE

Series		Aug 87 Vol.	Aug 87 Last	Nov 87 Vol.	Nov 87 Last	Feb 88 Vol.	Feb 88 Last	Stock
GOLD C	$420	10	35.50	—	—	—	—	$452.90
GOLD C	$460	143	6	115	20.50	10	32	"
GOLD C	$480	5	2.80	26	14	22	22.50	"
GOLD C	$500	13	1.50	12	8.70	6	15	"
GOLD C	$520	—	—	101	5.50	—	—	"
GOLF P	$440	9	2.90	—	—	—	—	"
		Sep 87		Dec 87		Mch 88		
SILVER C	$750	—	—	—	—	3	150	$768
SILVER C	$800	1	50	—	—	—	—	"
SILVER C	$850	—	—	5	65A	—	—	"
		Dec 87		March 87		June 87		
£/FL C	Fl.330	144	5.50	—	—	—	—	Fl.334.08
		Aug 87		Sep 87		Oct 87		
$/FL C	Fl.210	—	—	83	1.80	—	—	Fl.208.80
$/FL C	Fl.215	—	—	10	0.80	—	—	"
$/FL P	Fl.205	—	—	8	1.90	—	—	"
$/FL P	Fl.210	1	2.70	—	—	—	—	"
		Dec 87		Mar 88		Jun 88		
$/FL C	Fl.200	5	9.10	—	—	—	—	Fl208.80
$/FL C	Fl.205	21	6.70	9	7.50	—	—	"
$/FL C	Fl.210	10	4	—	—	1	5.80	"
$/FL P	Fl.225	4	0.80	—	—	—	—	"
$/FL P	Fl.190	3	0.70	—	—	—	—	"
$/FL P	Fl.195	10	1.50	—	—	—	—	"
$/FL P	Fl.205	10	4.60	—	—	—	—	"
		Oct. 87		Jan. 88		Apr. 88		
ABN C	Fl.500	85	14.00	1	22.90A	10	32.00	Fl.491.50
ABN P	Fl.480	80	13.70	18	18	37	20	"
AEGON C	Fl.105	54	1.80	4	4	—	—	Fl95.80
AEGON P	Fl.95	56	3.90	—	—	—	—	"
AHOLD C	Fl.110	6	4	2	6.50	—	-	Fl.106.30
AHOLD P	Fl.105	20	4.30	—	—	—	—	"
AHOLD C	Fl.104.60	10	5.50	—	—	—	—	"
AKZO C	Fl.170	404	6.80	85	10.20	5	13.80B	Fl.163.20
AKZO P	Fl.160	261	5.20B	12	7.80	3	9.50	"
AMEV C	Fl.70	102	2.20	64	4.30	1	4.80B	Fl.66.40
AMEV P	Fl.65	248	2.20	28	3.20	—	—	"
AMRO C	Fl.85	150	2.90	13	5.40	—	—	Fl.82.50
AMRO P	Fl.85	39	5.90A	9	5.80	4	7.50	"
ELSEVIER C	Fl.56	105	3.20	—	—	—	—	Fl.53.80
ELSEVIER P	Fl.48	109	0.90	—	—	—	—	"
GIST-BROC. C	Fl.50	257	4.00	62	5.50A	59	6.90	Fl.50.30
GIST-BROC. P	Fl.45	63	1.10	151	2	—	—	"
HEINEKEN C	Fl.180	88	14.20	5	18.00	—	—	Fl.188.80
HEINEKEN P	Fl.180	66	3.70	7	5.80	—	—	"
HOOGOVENS C	Fl.45	260	3.10	56	5.20B	8	5.80	Fl.43.40
HOOGOVENS P	Fl.40	335	2.20	42	2.60	—	—	"
KLM C	Fl.55	785	2.30	58	3.80	2	4.40	Fl.52.30
KLM P	Fl.50	125	2.20	11	3.20	5	4.20	"
NEDLLOYD P	Fl.150	433	5.20	81	7.70	-		Fl.167.50
NAT.NED. C	Fl.75	510	5.60A	26	7.90	-	-	Fl.78.40
NAT.NED. P	Fl.70	664	1	25	2.20	—	—	"
PHILIPS C	Fl.60	2435	2.50	618	3.70	152	4.60	Fl.56.30
PHILLIPS P	Fl.55	792	2.40	147	3.60	77	4.40	"
ROYAL DUTCH C	Fl.300	557	4.00	132	7.50	3	10.60	Fl.282.20
ROYAL DUTCH P	Fl.280	302	9.60	54	10.50	4	11.00	"
UNILEVER C	Fl.144	310	4.10	57	7.30	-	-	Fl.138.70
UNILEVER P	Fl.136	256	3.80	5	5.80	—	—	"

TOTAL VOLUME IN CONTRACTS: 36,141

A=Ask B=Bid C=Call P=Put

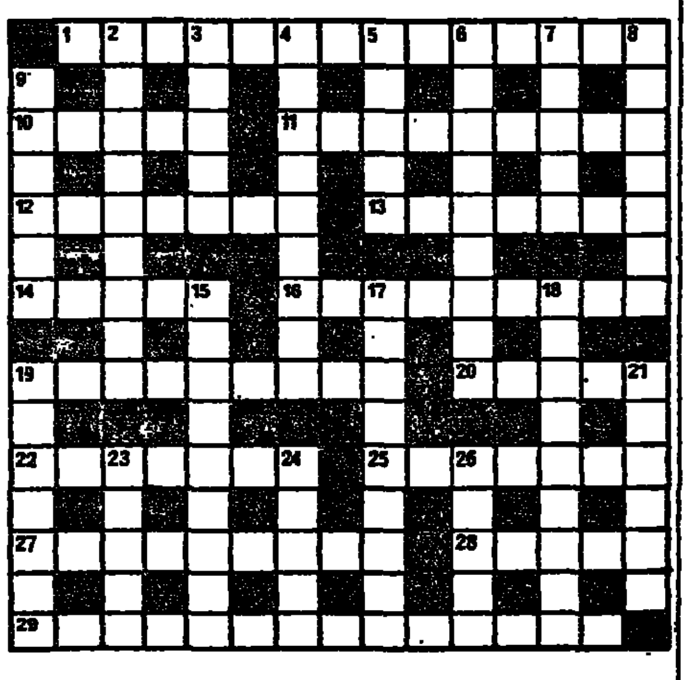
BASE LENDING RATES

	%		%		%
ABN Bank	9	● Charterhouse Bank	9	Nat Bk. of Kuwait	9
Adam & Company	9	Citibank NA	9	NatWestminster	9
Allied Arab Bk Ltd	9	City Merchants Bank	9	Northern Bank Ltd	9
Allied Dunbar & Co	9	Clydesdale Bank	9	Norwich Gen. Trust	9
Allied Irish Bank	9	Comm. Bk. N. East	9	PK Finans. Intl (UK)	9½
American Exp. Bk	9	Consolidated Cred	9	Provincial Trust Ltd	10
Amro Bank	9	Co-operative Bank	*9	R. Raphael & Sons	9
Henry Ansbacher	9	Cyprus Popular Bk	9	Roxburghe G'rantee	9½
ANZ Banking Group	9	Duncan Lawrie	9	Royal Bk of Scotland	9
Associates Cap Corp	9	Equat'r'l TstC'p plc	9	Royal Trust Bank	9
Authority & Co Ltd	9	Exeter Trust Ltd	9½	Smith & Williams Secs	9
Banco de Bilbao	9	Financial & Gen. Sec	9	Standard Chartered	9
Bank Hapoalim	9	First Nat. Fin. Corp	10	TSB	9
Bank Leumi (UK)	9	First Nat. Sec. Ltd	10	UDT Mortgage Exp	¶11.1
Bank Credit & Comm	9	● Robert Fleming & Co	9	United Bk of Kuwait	9
Bank of Cyprus	9	Robert Fraser & Ptrs	10	United Mizrahi Bank	9
Bank of Ireland	9	Girobank	9	Unity Trust PLC	9
Bank of India	9	Grindlays Bank	‡9	Western Trust	9
Bank of Scotland	9	● Guinness Mahon	9	Westpac Bank. Corp	9
Banque Belge Ltd	9	HFC Trust & Savings	9	Whiteaway Laidlaw	9½
Barclays Bank	9	● Hambro Bank	9	Yorkshire Bank	9
Benchmark Tst Ltd	9	Heritable & Gen. Tst	9		
Beneficial Trust Ltd	10	● Hill Samuel	§9		
Berliner Bank AG	9	C. Hoare & Co	9		
Brit Bk of Mid East	9	Hongkong & Shangh	9		
● Brown Shipley	9	Lloyds Bank	9		
Business Mtge Tst	9	Meghraj & Sons Ltd	9		
CL Bank Nederland	9	Midland Bank	9		
Canada Permanent	9	● Morgan Grenfell	9		
Cayzer Ltd	9	Mount Credit Corp. Ltd	9		

● Members of the Accepting Houses Committee. * 7-day deposits 4%. Sawewise 6.66%. Top Tier—£2,500+ at 3 months' notice 7.97%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 4½% gross. ¶ Mortgage base rate. § Demand deposit 3.99%. Mortgage 11.25%.

FT CROSSWORD PUZZLE No 6,389

DANTE



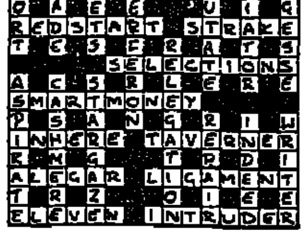
ACROSS

1 Representative eating place? (5, 2, 7)
10 Moving stair replaced (5)
11 Built up deep-loved characters (9)
12 Career sportsmen get by and do well (7)
13 Number of workers that pay rent (7)
14 A number with inadequate backing languish (5)
16 Half-back has reporters in and shows off (9)
19 Words to conjure with (3, 6)
20 Quick turn round in public transport (5)
22 Many snakes are associated with them (7)
25 Heart so affected, sounds can be heard within it (7)
27 Uncast replacement? (5, 4)
28 It is essential to return at six-fifty at the outside (5)
29 You won't have any truck with this (9, 5)

DOWN

2 Thinking of the establishment (9)
3 Place for landing and take-off (5)
4 Command rests with those on duty (9)
5 Want a partner for animal surgery? (5)
6 Mother dawdles and wastes the doctor's time (9)
7 Rising professional in the plant (5)
8 A devout leader insists they're cruel (7)
9 Fancied to win but dropped off (6)
15 Stand by ascetic (9)
17 Outstanding piece of cinematic apparatus? (9)
18 Scramble at the pig's food (9)
19 Supports, but doesn't allow to proceed (5, 2)
21 Story about island race is only gossip (6)
23 Pulls up the grass (5)
24 An essential part of thieves' language (5)
26 Wandering dog? (5)

Solution to puzzle no. 6,388



FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

FT UNIT TRUST INFORMATION SERVICE

Mercury Fund Managers Ltd (z)
33 King William St, EC4R 9AS 01-280 2860

American Growth	112.0	118.9	+0.4	0.71
(Accum Units)	117.3	124.1	+0.3	0.71
British Blue Chip Fund	52.1	55.1	-0.8	2.23
(Accum Units)	52.1	55.1	-0.8	2.23
American Sm Cos Fd	52.8	55.8	-0.4	0.44
(Accum Units)	52.8	55.8	-0.4	0.44
American Income	51.6	54.5	-0.2	3.64
(Accum Units)	56.2	59.4	-0.3	3.64
European Growth	151.9	160.7	+1.7	2.78
(Accum Units)	157.2	166.3	+1.7	2.78
European Income	82.8	87.6xd	+0.0	3.50
(Accum Units)	86.5	91.8xd	+0.0	3.50
General	384.2	406.5	-1.9	2.47
(Accum Units)	638.0	675.1	-3.2	2.47
Gilt	98.0	98.4	-0.3	7.44
(Accum Units)	104.7	105.2	-0.3	7.44
Global Fund	51.3	54.2	+0.4	0.67
(Accum Units)	51.3	54.2	+0.4	0.67
High Interest Fund	47.5	50.2xd	+0.2	8.95
(Accum Units)	47.9	50.6xd	+0.2	8.95
High Income Fund	53.9	57.0xd	-0.3	4.60
(Accum Units)	54.8	57.9xd	-0.3	4.60
Income	129.0	136.5	+0.0	2.92
(Accum Units)	147.9	156.5	+0.0	2.92
International	298.9	316.2xd	+1.6	1.12
(Accum Units)	374.0	395.7xd	+2.3	1.12
Japan	200.2	211.8	+1.3	0.59
(Accum Units)	205.4	217.3	+1.0	0.59
Pacific Fd	57.3	60.6xd	-0.5	0.10
(Accum Units)	57.3	60.6xd	-0.5	0.10
Recovery	322.3	341.0	-1.2	1.58
(Accum Units)	350.4	370.7	-1.3	1.58
UK Smaller Co's Fd	56.1	59.3	+0.2	1.66
(Accum Units)	56.1	59.3	+0.2	1.66
Exempt	367.9	379.3	-2.1	2.21
(Accum Units)	579.3	594.1	-3.6	2.21

Merlin Fund Mngmnt Ltd
33 King William St, London EC4R 9AS 01-638 5678

Merlin July 22	646.0	664.0	—	1.06

Metropolitan Unit Trust Mngrs Ltd
3 Darkes Lane, Potters Bar EN6 1AJ. 0707 45184

UK Income Fund	64.9	69.0	-0.4	4.35
Accum Units	64.9	69.0	-0.4	4.35
UK Growth Fund Acc	64.6	68.7	+0.2	1.46
Global Income Fund	49.4	52.5	—	3.81
Accum Units	49.4	52.5	—	3.81
Global Growth Fund	47.0	50.0	+0.5	0.50

Midland Bank Group UT Mngrs. Ltd
Courtwood House, Silver St, Head, Sheffield S1 3RD
Tel: 0742 769842

Capital	130.5	138.4xd	-0.3	1.27
(Accum Units)	180.2	191.2	-0.4	1.27
Commodity & Gen	192.2	203.9	+0.6	1.44
(Accum Units)	274.3	291.0	+0.8	1.44
European Growth	132.3	140.4	+1.8	1.06
(Accum Units)	159.7	169.6	+2.1	1.06
Extra High Inc	75.9	80.5xd	-0.1	6.19
(Accum Units)	93.4	99.1	-0.2	6.19

Prudential Unit Trust Mngrs Ltd (a) (b) (c)
51-59 Ilford Hill, Ilford, Essex IG1 2DL 01-478 3377
Holborn Linkline 0800 010345

Holborn Comm Tst	81.7	86.4xd	+0.2	0.35
Holborn Equity Income	76.3	80.5	+0.1	3.24
Holborn Equity Tst	605.6	640.8	-3.6	2.10
Holborn European Tst	120.4	127.4	+0.7	0.65
Holborn Gilt Tst	211.4	220.4	-1.7	2.36
Holborn High Inc Tst	91.5	96.8xd	-0.5	4.48
Holborn Intl Grth Tst	120.1	127.0xd	—	.49
Holborn Japanese Tst	129.1	136.6	+2.1	0.04
Holborn N. Amer Tst	95.6	101.0	+0.6	0.48
Holborn Sm Cos Tst	82.3	87.0	+0.12	1.94
Holborn Spec Sits Tst	107.8	114.0xd	+0.1	1.28
Holborn UK Growth Tst	120.9	127.9	-0.5	1.46

Quilter Management Co Ltd
31-45 Gresham Street, London EC2 01-600 4177

Quadrant Gen. Fd	687.3	727.4	—	1.35
Quadrant Income	341.2	361.1xd	—	3.68
Quadrant Intl. Fund	457.4	484.1	+0.6	1.05
Quadrant Spec. Sits	484.9	513.2	—	1.28

Reliance Unit Mgrs. Ltd
Reliance House, Tunbridge Wells, Kent 0892 510033

British Life	247.8	265.5	-1.7	2.18
Reliance Unit Tst (Inc)	175.0	183.9	-1.3	1.76
Reliance Ut Tst (Acc)	232.8	247.6	-1.7	1.76

Rensburg Fund Managers
Stidmore Ct., Tithebarn St., Liverpool. 051-227 2030

Internat. Growth Trust	50.3	52.9	+0.4	1.5

N.M. Rothschild Fund Mgmt
St Swithin's Lane, London EC4 01-634 2981/4

NC American (Inc)	327.9	348.8xd	+3.6	0.77
NC American (Acc)	361.8	384.8	+4.2	0.77
NC Inc Fd	129.3	137.5	-1.4	2.74
NC Japan Fd	195.5	207.9	+1.5	—
NC Major UK Cos Fd	72.4	77.0xd	-0.7	2.56
NC Smllr Australian	91.5	97.3	+0.2	0.48
NC Smllr Canadian CoFd	49.5	52.6	+0.2	0.98
NC Smaller Cos	250.3	266.2	-0.3	0.87
NC Smaller European	195.6	208.0	+1.6	0.46
NC Prop.*	157.2	171.4	—	(u)

*Unauthorised Unit Trusts
For Rowan see Martin

Royal Bank of Canada Fds.
RBC Trust Managers Limited.
1, London Wall, London EC2Y 5JX. 01-600 6222

RBC Select Gwth Acc	88.9	94.5	+0.2	—
RBC Select Income	83.9	89.2	-0.3	—
RBC Select Inc Acc	86.0	91.4	-0.3	—
RBC Select N. American	54.7	58.1	—	—
RBC Select Intnl	58.9	62.6	—	—

INSURANCES

FT UNIT TRUST INFORMATION SERVICE

Manufacturers Life Insurance Co (UK)
St George's Way, Stevenage 0438 356101

Managed	451.4	475.2	
Property	281.7	296.5	
Equity	581.5	612.1	
Gilt Edged	361.9	380.9	
Deposit	204.7	215.5	
Investment	248.0	260.4	
International	420.3	442.4	
Pension Fund Prices			
Managed Int		334.5	
Do. Accum		409.8	
Property Int		244.2	
Do. Accum		299.0	
Equity Int		451.3	
Do. Accum		551.8	
Gilt-Edged Int		235.6	
Do. Accum		288.5	
Guaranteed Int		158.0	
Do. Accum		193.6	
International Int		503.8	
Do. Accum		618.5	
Index Lk Gilt Int		139.1	
Do. Accum		170.2	

Merchant Investors Assurance
Leon House, 233 High St, Croydon 01-686 9171

Property	302.7	+0.8
Property Pens	400.2	+1.5
Equity	207.2	+0.4
Equity Pens	940.0	+1.3
Money Market	308.5	-0.3
Money Mkt. Pens.	551.3	-0.4
Deposit	237.0	+0.0
Deposit Pens.	377.5	+0.2
Managed	301.5	+0.8
Managed Pens.	584.0	+2.4
Intl. Equity	350.8	+1.3
Do. Pens.	567.4	+3.0
Intl Managed	322.8	+1.5
Do. Pens.	479.3	+2.7
North American	132.6	+0.4
Do. Pens.	152.3	+0.8
Far East	291.0	+3.0
Do. Pens.	429.3	+4.3
Intnl Currency	173.8	-0.5

National Provident Inst.—Contd.

Far East Initial	483.9	509.4	+4.6
Far East	578.8	609.3	+5.6
Prop Initial	140.2	147.6	-0.3
Prop.	167.8	176.7	-1.3
Fixed Int. Initial	186.0	195.8	-1.9
Fixed Int.	222.6	234.4	-2.2
Indexed Gilt Initial	103.8	109.3	-0.6
Indexed Gilt	123.0	129.5	-0.7
Deposit Initial	134.7	141.8	
Deposit	162.9	171.5	+0.2
NPI Pensions Management Ltd			
Managed Fund	952.2	969.2	

Prices July 1. Next dealing August 3.

Norwich Union Asset Management Ltd
PO Box 124, Norwich NR1 1JS 0603 683986

NUAM Funds			
Managed Fund	57.7	60.8	-0.2
Stock Market Mngd Fund	59.4	62.6	-0.2
Equity Fund	65.4	68.9	-0.4
International Fund	54.7	57.6	+0.2
European Fund	57.6	60.7	
North American Fund	51.2	53.9	+0.3
Pacific Fund	62.7	66.0	+0.4
Property Fund	50.8	53.5	
Fixed Interest Funds	49.3	51.9	-0.5
Index linked Sec Fund	45.9	48.4	-0.3
Deposit Fund	50.8	53.5	
NUAM Retirement Plans			
Mixed Fund	62.5	65.8	+0.2
UK Ordinary Share	76.1	80.2	+0.1
International Fund	56.3	59.3	+0.7
Property Fund	51.7	54.5	
Fixed Interest Fund	51.5	54.3	
Index Linked Sec Fund	46.4	48.9	+0.1
Deposit Fund	52.8	55.6	
NUAM (MF)			
Managed Fund	791.0	832.7	-2.8
Equity Fund	1744.4	1836.5	-14.5
Property Fund	315.7	332.4	+0.1
Fixed Interest Fund	363.1	382.3	-3.7
Deposit Fund	207.4	218.4	
International Fund	142.0	149.5	-0.3
Index Linked Sec Fund	46.4	48.8	+0.7

Provident Mutual Life Assc.—Cont.

Provincial Life Assurance Co Ltd

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

[illegible]

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

1987 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
101⅞	100⅞	Treas. 12pc 1987	100⅛	−⅛	11.93	9.29
99⅞	97⅞	Treas 7¾pc 1985-88‡‡	99⅛	−⅛	7.78	8.60
102⅞	99⅞	Exch 10½pc '88	100⅞	−⅛	10.43	9.49
101⅞	98⅞	Treas 9¾pc Cv '88	100⅛	−⅛	9.73	9.47
97⅞	95⅞	Transport 3pc '78-88	96⅛	−⅛	3.10	6.65
101⅞	98⅞	Treas. 9½pc '88	99⅞	−⅛	9.52	9.63
105⅞	101⅞	Treas 11½pc 1989	102⅞xd	−⅛	11.21	9.63
102⅞	97⅞	Treas 9½pc Cnv 1989	99⅞	−⅛	9.52	9.60
94⅞	89⅞	Treas 3pc 1989	94⅛	−⅛	3.19	6.54
104⅞	99⅞	Treas 10½pc 1989	101⅞	−⅛	10.34	9.67
103⅞	98⅞	Exch 10pc 1989	100⅞xd	−⅛	9.94	9.62
105⅞	100⅞	Exch 11pc 1989	102⅞	−⅛	10.72	9.60
95⅞	89⅞	Treas 5pc 1986-89	94⅛	−⅛	5.28	7.62
108⅞	100⅞	Exch 10¼pcCv '89	102⅞	−1½	10.03	9.14
111⅞	105⅞	Treas 13pc 1990‡‡	107⅞	−⅛	12.11	9.54
106½	100⅞	Exch 11pc 1990‡‡	103⅛xd	−⅛	10.67	9.58
110⅞	104⅞	Exch. 12½pc 1990	106½	−⅛	11.73	9.62
91⅞	84⅞	Treas. 3pc 1990	90⅞	−⅛	3.31	6.72
100⅞	93⅞	Treas 8¼pc 1987-90‡‡	97⅞	−⅛	8.43	9.09
105	97½	Treas. 10pcCv 1990	100⅞	−⅛	9.90	9.61
89⅞	81⅞	Exch 2½pc 1990	88⅛	−⅛	2.83	6.48
110⅞	103⅞	Treas 11¾pc 1991	106⅛	−⅛	11.08	9.61
95⅞	87⅞	Funding 5¾pc '87-91‡‡	92⅞	−⅛	6.20	8.05
89⅞	80⅞	Treas. 3pc 1991	87⅞	−⅛	3.42	6.68
110⅞	100⅞	Treas 10pc Cv '91 ‡‡	102⅞	−1⅛	9.75	9.21
109⅞	101⅞	Exch. 11pc 1991	104⅞	−⅛	10.53	9.68
18⅞	17⅞	Treas. 8pc 1991 (20pd)●	17⅞	−1⅛	8.23	8.78
116⅞	108⅞	Treas 12¾pc 1992‡‡	111	−1⅛	11.47	9.62
106⅞	97⅞	Treas 10pc 1992	101⅞xd	−1⅛	9.86	9.59
99⅞	94⅞	Treas. 8pc 1992 ‡‡	94⅞	−1⅛	8.15	8.47
108⅞	99⅞	Treas 10½pc Cv 1992‡‡	103⅞	−1⅛	10.16	9.59
85⅞	85⅞	Treas. 3pc 1992	85⅞	−⅛	3.50	6.46
		Five to Fifteen Years				
115⅞	106⅞	Exch. 12¾pc '92	109⅞xd	−1⅛	11.13	9.68
121⅞	111⅞	Exch 13½pc 1992	114⅞	−1⅛	11.77	9.77
107⅞	97⅞	Treas 10pc 1993‡‡	101⅞	−1½	9.86	9.66
118⅞	108⅞	Treas 12½pc 1993‡‡	112⅞	−1½	11.14	9.74
95⅞	82⅞	Funding 6pc 1993‡‡	90⅞	−1⅛	6.69	8.16
125⅞	114⅞	Treas 13¾pc 1993‡‡	118⅞	−1⅛	11.65	9.82
129⅞	119⅞	Treas 14½pc 1994‡‡	122⅞xd	−1⅛	11.82	9.76
124⅞	113⅞	Exch 13½pc 1994 ‡‡	117⅞	−1⅛	11.51	9.89
107⅞	97⅞	Treas. 10pc Ln. 1994‡‡	101⅞	−1⅛	9.85	9.67
120⅞	109⅞	Exch. 12½pc 1994	113⅞xd	−1⅛	11.06	9.88
103⅞	92⅞	Treas 9pc 1994‡‡	97⅞	−1⅛	9.21	9.42

BRITISH FUNDS—Contd

1987 High	Low	Stock		Price £	+ or −	Yield (1)	(2)
		Index-Linked	(b)				
131⅞	125½	Treas. 2pc '88	(297.1)	131⅞	−⅛	—	1.71
117⅞	108⅞	Do. 2pc '90	(333.9)	116½	−⅛	0.67	2.14
99⅞	93½	Do. 2pc '92‡‡	(385.8)	97⅞	−⅛	2.12	2.84
128⅞	119⅞	Do. 2pc '96	(267.9)	125⅞	−⅛	3.31	3.79
111⅞	101⅞	Do 2½pc '01	(308.8)	104⅞	−⅛	3.52	4.10
110	100⅞	Do. 2½pc '03	(310.7)	103⅞	−⅛	3.49	4.06
113⅞	103⅞	Do. 2pc '06	(274.1)	105⅞	−1	3.57	3.97
108	98⅞	Do. 2½pc '09	(310.7)	100⅞	−⅛	3.51	3.90
113⅞	103⅞	Do. 2½pc '11	(294.1)	104⅞xd	−⅛	3.62	3.84
95⅞	86⅞	Do. 2½pc '13	(351.9)	87⅞xd	−⅛	3.55	3.79
103⅞	94	Do. 2½pc '16	(322.0)	95⅞	−⅛	3.34	3.72
101⅞	91⅞	Do. 2½pc '20	(327.3)	93⅞	−⅛	3.39	3.65
86⅞	77⅞	Do. 2½pc '24 ‡‡	(385.3)	79⅞	−⅛	3.33	3.56

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue. RPI for November 1986: 391.70 and for June 1987: 101.9 (rebased at 100 January 1987 conversion factor 3.945).

INT. BANK AND O'SEAS GOVT STERLING ISSUES

1987 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
113⅞	99½	African Dv Bk 11⅞Ln 2010	104xd	−1⅛	10.70	10.64
109⅞	95	Asian Dev Bk 10⅞pcLn2009	100⅞	−1⅛	10.21	10.18
136	118⅞	Australia 13½pc 2010	126⅞	−1⅛	10.70	10.47
118⅞	102⅞	Do. 11⅞pcLn2015	108⅞	−1⅛	10.45	10.38
115⅞	102⅞	Euro Inv Bk 11pc Ln 2002	106⅞	−1⅛	10.30	10.10
110⅞	97½	Do. 10⅞pc2004	102⅞	−1⅛	10.16	10.10
126⅞	112⅞	Int-Am Dev Bk 12⅞pc 2003	117xd	−1⅛	10.68	10.26
104⅞	90⅞	Do. 9⅞pcLn 2015	95⅞	−1⅛	10.22	10.29
97⅞	83	Mlysia 10⅞pcLn 2009	91⅞xd	−1⅛	11.72	11.80
102½	99⅞	Malaysia 12⅞pc '88	100xd	.....	12.25	12.15
115	100⅞	NZ 11⅞pc 2008	105⅞	−1½	10.63	10.54
118⅞	102⅞	Do 11½pc 2014	108⅞	−1⅛	10.57	10.51
176⅞	119⅞	Sweden 13⅞pc Ln 2010	126⅞	−1⅞	10.68	10.43
106	96½	Utd. Mexican States 16½pc	100⅞	−⅛	16.44	15.83

FOREIGN BONDS & RAILS

1987 High	Low	Stock	Price £	+ or −	Div % Gross	Red. Yield
53	42	Greek 7pc Ass.	53xd	.....	3.50	†6.60
50	40	Do. 6pc 28 Stb. Ass.	50	.....	3	†6.00
47	45	Do 4pc Mixed Ass.	47	.....	2	†4.26
66	58	Hung. '24 Ass.	65	.....	2.75	†4.23
146½	122⅞	Hydro Quebec 15pc 2011	135⅞	−2	15.00	10.78
94	83	Iceland 6½pc '83-88	98	.....	—	—
136⅞	115½	Do. 14½pc Ln. 2016	127⅞xd	−1⅛	14.50	11.28
103½	94	Ireland 9⅞pc '91-96	98⅞	−½	9.75	9.92
98½	85	Japan 6% '83-88	85	.....	—	—

AMERICANS

1987 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
41⅞	32½	Abbott Laboratories‖	37½	−⅛	$1.00	—	1.6
17	11⅞	Ahmanson (H.F.)	12	.....	88c	—	4.5
37⅞	24⅞	Alcoa $1	37⅞	+1⅛	$1.20	—	2.0
18⅞	15⅞	▼Allegheny & W $0.01	17⅞	.....			
19⅞	8⅞	Amax $1	19⅞	+3⅞	—	—	—
26⅞	17⅞	Amdahl 5c	22½	.....	20c	—	0.5
39	25⅞	Amer. Cyanamid $5	31½	+⅛	$1.90	—	3.7
25⅞	18	Amer. Express $0.60	21xd	−⅛	$1.44	—	4.2
12⅞	10	Amer. Medical Int. $1	12⅞	+⅛	♦72c	—	3.6
19⅞	14⅞	American T. & T. $1	19⅞	+⅛	$1.20	—	3.8
63	46⅞	Ameritech $1	52	+⅛	h$4.72	—	5.6
21⅞	15½	Amfac‖	20⅞	.....	—	—	—
23	17⅞	Anheuser-Busch $1	22xd	+⅛	$2.00	—	5.6
81½p	45p	▼AridTech‖	80p	.....	—	—	—
10⅞	6⅞	BankAmerica $1.⅞	6⅞	.....	—	—	—
34⅞	25⅞	Bankers N.Y. $10	29½	+⅛	$1.66	—	3.5
652p	340p	BASIX Corp.	398p	+24	12c	—	1.8
49½	36⅞	Bell Atlantic $1	40⅞	+⅛	$3.84	—	5.8
26⅞	21	BellSouth Corp.	23⅞	+⅛	$2.04		5.3
11⅞	4⅞	▼Bethlehem Steel $8	10⅞	−⅛	—	—	—
20½	10⅞	Bio-Rad Labs. Inc. 'A'	14⅞	+⅛	—	—	—
26⅞	18⅞	Bowater Inc.	22⅞	+⅛	80c	—	2.2
19⅞	15⅞	Browning-Ferris 16⅔c	18⅞	+⅛	h40c	—	1.3
16⅞	12⅞	Brunswick	15⅞xd	+½	60c	—	1.2
35⅞	25⅞	CPC Intnl. 25c	33⅞	+1	h$1.24	—	2.2
23⅞	18	CSX Corp U.S.$1.00	23⅞	−⅛	$1.16	—	3.1
25⅞	17⅞	CalFed Inc $1.00	19⅞	.....	60c	—	1.9
45⅞	36⅞	Campbell Soup 30c	38⅞	−⅛	$1.44	—	2.3
39⅞	27½	Caterpillar Inc $1.00	39⅞xd	+⅛	50c	—	0.8
609p	374p	Cenergy Corp. 25c	609p	+1	4c	—	0.4
46⅞	36⅞	NYNEX $1	41⅞	+⅛	h$3.48	—	5.1
27	21⅞	PHH	26⅞xd	−⅛	$1.04	—	2.4
25½	19⅞	Pacificorp $3.25	22⅞	+⅛	$2.52	—	7.0
19⅞	13½	Pacific Telesis $0.10	15⅞	+⅛	h$1.64	—	6.4
22	17⅞	Pall Corp. 25c	18⅞xd	+⅛	34c	—	1.1
56⅞	45⅞	Pennzoil 83c	46⅞	+⅛	$2.20	—	2.9
28⅞	21⅞	Pillsbury‖	28⅞	+1	$1.00	—	2.1
27⅞	24½	Primerica $1.00	26	+⅛	$1.60	—	3.8
36⅞	26⅞	Quaker Oats $5	31⅞xd	+1⅛	h80c	—	1.5
42	28⅞	RJR Nabisco Inc	37⅞	+1⅛	$1.60	—	2.6
39	27⅞	Rep NY Corpn $5	30⅞	−⅛	$1.16	—	2.3
18⅞	15⅞	Rockwell Intl. $1	15⅞	−⅛	66c	—	2.5

Continued on next page

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
ANZ Finance High Interest Cheque Acc				
Minerva Hse, Montague Cl, London, SE1. 01-378 2576				
£250-£2,500	7.00	5.27	7.36	Qtr
£2,500+	9.00	6.77	9.52	Qtr
Adam & Co. plc				
22 Charlotte Sq, Edinburgh EH2 4DF 031-225 8484				
Full Service Cur Acc	8.20	6.00	8.64	Qtr
Aitken Hume				
30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	8.25	6.21	8.71	Qtr
MultiCheq £1000-£5000	8.00	6.02	8.48	Mth
Mth. Int. Chq. £5,000+	8.25	6.21	8.75	Mth
AAB—Allied Arab Bank Ltd				
97-101 Cannon St, London, EC4N 5AD 01-626 2046.				
HICA, HICMA	8.75	6.58	9.30	Mth
Bank of Scotland				
38 Threadneedle St, EC2P 2EH. 01-628 8060				
Money Mkt Cheque Acc.	8.10	6.09	8.59	Mth
Barclays Prime Account				
PO Box 125, Northampton 0604 252891				
High Int. Cheque	8.00	6.00	8.40	Qtr
Benchmark Trust Ltd Premier Account				
9 Henrietta Place, W1M 9AG. 01-631 3313				
£5,000-£10,000	9.00	6.77	9.43	6-mth
£10,001-£20,000	9.25	6.96	9.70	6-mth
£20,000+	9.50	7.15	9.97	6-mth
Brown Shipley & Co Ltd				
Founders Court, Lothbury, London EC2. 01-606 9833				
Demand Acc	8.25	6.21	8.95	Qtr.
Charterhouse Bank Limited				
1 Paternoster Row, EC4M 7DH. 01-248 4000				
Sterling	8.25	6.21	8.75	Mth
U.S. Dollar	6.25	4.70	6.85	Mth
German Marks	3.00	2.26	3.13	Mth
Swiss francs	2.50	1.88	2.60	Mth
Japanese Yen	3.00	2.26	3.13	Mth
Citibank Savings				
St Martins Hse, Hammersmith Grove W6 01-741 4941				
Money Market Plus				
£2,000-£24,999	7.50	6.00	8.45	Mth
£25,000	8.00	6.30	8.88	Mth
Co-operative Bank Cheque & Save				
78-80 Cornhill EC3 01-626 6543				
£500-£2,500	5.32	4.00	5.56	Qtr
£2,500 +	7.31	5.50	7.69	Qtr
Dartington & Co Ltd				
9 The Crescent, Plymouth PL1 3AB 0752 673873				
Money Mkt Acc	8.50	6.40	8.99	Qtr
Henderson/Bank of Scotland				
38 Threadneedle St EC2P 2EH 01-628 8060				
Money Mkt. Cheque Acc.	8.10	6.09	8.59	Mth
Legal & General (Money Mngrs) Ltd				
355 Euston Road, NW1 3AG 01-388 3211				
High Int Dep Acc	8.472	6.375	8.871	6-mth
Lloyds Bank High Interest Cheque Account				
71 Lombard St, London EC3P 3BS 01-626 1500				
£2,000-£4,999	6.50	5.50	7.73	Mth
£5,000-£9,999	7.00	5.80	8.16	Mth
£10,000-49,999	7.50	6.20	8.74	Mth
£50,000+	8.00	6.50	9.17	Mth
M & G/Kleinwort Benson				
M & G Hse., Victoria Rd., Chelmsford 0245 266266				
H.I.C.A. (£2,500+)	8.00	6.02	8.48	Daily
Midland Bank plc				
PO Box 2, Sheffield. 0742 528655				
High Int Chq Acc	7.97	6.00	8.41	Qtr
£10,000 +	8.24	6.20	8.69	Qtr
M.I.M. Britannia Ltd				
74-78 Finsbury Pavement, EC2A 1JD 01-588 2777				
Cater Allen	8.00	6.02	8.4778	—
NatWest Special Reserve Account				
41 Lothbury, London, EC2P 2BP 01-726 1000				
£2,000 to £9,999	8.00	6.125	8.39	Qtr
£10,000 and above	8.125	6.30	8.85	Qtr
Oppenheimer Money Mgmnt Ltd				
66 Cannon St, EC4N 6AE 01-236 1425				
Money Mngt. Acct.	7.75	5.83	8.16	3-Mth
Phillips & Drew Trust Ltd				
120 Moorgate, London EC2M 6XP 01-628 9771				
High Int Chq Acc	8.25	6.21	8.70	Qtr
Provincial Trust				
30 Ashley Rd, Altrincham, Cheshire 061-928 9011				
H.I.C.A. (£1,000+)	9.00	6.77	9.57	Mth
Royal Bank of Scotland plc				
42 St Andrew Sq, Edinburgh EH2 2YE. 031-557 0201				
Premium Account	8.11	6.10	8.55	Qtr
Save & Prosper/Robert Fleming				
28 Western Rd, Romford RM1 3LB. 0708 766966				
H.I.B.A.	7.77	5.85	8.25	—
Tyndall & Co				
29-33 Princess Victoria St, Bristol 0272 732241				
Demand Acc	8.32	6.26	8.78	Qtr
Money Acc	8.30	6.25	8.76	Qtr
Client Plus Acc.	8.25	6.20	8.70	Qtr
J. Henry Schroder Wagg & Co Ltd				
Enterprise House, Portsmouth 0705 827733				
Special Acc	7.75	5.83	8.21	Mthly
£10,000 and above	8.00	6.02	8.49	Mthly
Western Trust & Savings Limited				
The Moneycentre, Plymouth PL1 1SE 0752 224141				
High Int Chq Acc	8.75	6.58	9.23	Qtr
Wimbledon & South West Finance Co Ltd				
114 Newgate St, London EC1A 7AE. 01-606 9485				
High Int Cheque Acc	9.75	7.34	10.35	Qtr

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

Money Market Trust Funds

UNIT TRUST NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ø Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ф Yield column shows annualised rates of NAV increase. xd ex dividend.

LONDON SHARE SERVICE

AMERICANS—Continued

1987 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
30¾	22⅞	Sara Lee $1	27¼xd	+⅞	$1.00	—	2.3
11⅞	8⅞	Saul (B. F.) $1	10⅞xd	+¼	20c	—	1.2
26⅛	19⅞	Southwestern Bell $1	22⅛	–¼	h$2.32	—	6.4
18⅝	14¼	Staley Continental	16⅝	–⅛	80c	—	2.9
44⅞	36⅝	Sun Co. Inc. $1	40⅞xd	–⅞	$3.00	—	4.5
37	28½	TRW Inc. $0.625	35¼	+½	d$1.60	—	—
32⅛	25⅞	Tenneco $5	31⅞	+⅞	$3.04	—	5.8
187½	149½	Do. 10pcLn.Stk. 91-5	187½xd	.....	10%	—	5.5
29½	17⅞	Texaco $6.25	29½xd	+⅝	$3.00	—	6.2
65¼	47⅛	Time Inc. $1	65	+1⅛	$1.00	—	0.9
14⅛	11	Tracor $0.33	12⅛	.....	40c	—	2.0
27½	18⅞	Transamerica $1	26⅞	+⅛	$1.76	—	4.0
12⅛	922p	Transworld Corp $5	11¼	–⅛	20c	—	1.0
46¼	29⅝	TRINOVA Corp.	45¼	+⅝	h$1.00	—	1.4
24⅞	15⅞	♥USX $1	22⅞	–⅞	$1.20	—	3.3
19⅝	15⅞	Union Carbide $1	16⅞	–⅛	$1.50	—	5.4
35⅞	26⅞	Utd. Technologies	34⅛	+⅛	$1.40	—	2.5
38⅝	27	US West	32⅛	+⅛	$3.28	—	6.5
27⅝	17⅛	Waste Management $1	27⅝	+⅝	—	—	—
£31½	£20½	Whirlpool $1.0	£21¼	–⅛	—	—	—
35⅞	26	♥Woolworth $3½	35⅞	+⅞	$1.32	—	2.3

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INDUSTRIALS—Continued

INSURANCES

LONDON SHARE SERVICE

INSURANCES—Continued

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
412	305	PWS Holdings 10p	405	+2	†9.25	2.9	3.1	15.1
430	316	Pearl Group 5p	388	–2	10.5	—	3.7	—
*£11¼	804	Prudential	£10[illegible]	–[illegible]	29.0	—	3.9	—
580	435	Refuge 5p	565	–3	15.75	—	3.8	—
589	423	Royal	556	–2	h15.5	—	3.8	—
105	89	Saltire Ins. Invs.	99	+3	—	—	—	—
*344	274	Sedgwick Group 10p	335	–2	12.0	1.7	4.9	14.3
339	207	Steel Burrill J.10p	320	.....	9.0	2.0	3.9	17.8
668	403	Stewart Wr. 20p	628	+21	13.0	2.0	2.8	22.3
612	377	Sturge Hldgs 20p	605	–3	†to.0	2.5	1.4	39.7
£10[illegible]	645	Sun Alliance	£10[illegible]	+[illegible]	23.5	—	3.0	—
£12½	929	Sun Life 5p	£12[illegible]	–[illegible]	28.5	—	3.2	—
£69[illegible]	£39	Taisho M EDR	£49[illegible]	+½	Q10%	—	0.9	—
£21[illegible]	£14[illegible]	Torchmark $1.00	£18[illegible]	+[illegible]	96c	—	2.0	—
380	235	Trade Indemnity	377	+7	4.3	—	1.6	—
£34	£24[illegible]	Travelers $1.25	£28[illegible]	+½	$2.28	—	5.0	—
£30¼	£22[illegible]	USF & G Corp $2.50	£24[illegible]	.....	Q$2.48	—	6.2	—
£32½	£20[illegible]	USLIFE Corp. $1.0	£23[illegible]	+[illegible]	Q$1.20	9.2	3.1	5.2
725	555	Utd Friendly B 10p	718	–5	21.0	—	4.0	—
464	367½	Willis Faber 12½p	425	+13	10.75	1.9	3.5	21.3
93	41	Windsor Secs. 10p	86	–4	†0.7	1.5	1.1	81.2

LEISURE

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
34	11½	A & M Group 10p	28½	–1½	0.4	2.0	1.9	35.6
83½	69	A-R TV Pref. £1	80	.....	5.95	48.1	12.2	—
242	189	Airtours 10p	199	–1	R5.4	2.5	3.8	14.5
*549	302	Anglia TV	431	.....	†g11.25	3.3	3.6	12.0
184	108	Aspinall Hldgs. 10p	150	–3	6.0	1.2	5.5	20.6
141	63	Aveseco 1p	121	+3	0.5	6.7	0.6	34.2
65	40	BCE Hldgs 5p	57	+1	R§1.0	3.0	2.4	18.9
255	192	Barr & W.A.T. 'A'	235	.....	8.0	1.4	4.7	19.1
58	19	Bond Media	44	.....	—	—	—	—
225	165	Boosey & Hawkes	225	.....	—	—	—	—
83	45	Border T.V.	58	–1	1.4	♦	3.4	♦
*413	79½	Brent Walker 10p	413	+15	g8.5	2.2	3.3	19.9
*292	110	Campari Int. 20p	269	–2	3.0	5.1	1.5	13.8
306	211	Castle Comms. 5p	303	.....	R7.0	2.2	3.3	19.3
211	127	Capital Radio 10p	178	.....	W15.0	1.8	3.8	19.3
674	370	Central TV	559	.....	17.0	2.3	4.2	14.5

Miscellaneous

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
140	84	Anglo-Dominion	103	.....	—	—	—
90	21	Colby Res Corp.	51	+3	—	—	—
*300	127	Cons. Murch. 10c	287	.....	Q60c	4.4	6.5
*70½	37½	Ennex Int. Ir10p	58	.....	—	—	—
358	151	Greenwich Res	356	.....	—	—	—
£12[illegible]	963	Hemlo Gold Mines	£12[illegible]	+[illegible]	—	—	—
355	189	Highwood Res.	327	+11	—	—	—
£25⅞	£16[illegible]	Homestake Mining $1	£24[illegible]	+[illegible]	Q20c	—	0.5
442	150	McFinley Red Lake	398	.....	—	—	—
166	86	Mosto Explorations	119	+2	—	—	—
134	37½	New Sabina Res C$1	133	–1	—	—	—
580	200	Northgate C$1	573	.....	—	—	—
237	104	Nor-Quest Resources	167	.....	—	—	—
£12¾	698	RTZ	£12¼	+¼	23.5	2.7	2.5
£359¾	£113¾	Do. 9½pcLn '95-2000	£257	–1	Q9½%	37.5	3.7

THIRD MARKET

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
485	180	Abelscot Group 10p	435	.....	3.5	2.7	1.1	46.8
45	28	Aberdeen Am Pet 10p	44	.....	—	—	—	—
125	110	Allied Ins. Brokers	120	.....	L3.5	2.5	4.1	13.9
83	73	Amerover Energy 10p	73	.....	—	—	—	—
108	93	Andaman Res. 10p	108	+2	—	—	—	—
46	9	Ardmore Pet. 'A'	29	+1	—	—	—	—
98	45	Catalyst Comms. 5p	85	+1	—	—	—	35.3
200	163	Chelsea Artisans 5p	173	–5	—	—	—	23.2
180	155	Comac Group 5p	163	.....	—	—	—	—
151	47	Corton Beach 10p	128	–3	0.4	♦	0.4	♦
200	150	Crown Eyeglass 5p	172	+2	—	—	—	—
285	102	Edenspring Investment	265	–3		—	—	—
*62	18	Eglinton Oil Ir.5p	35	+3	—	—	—	—
41	17	Do. Warrants	21	.....	—	—	—	—
185	101	Far East Res. 10p	185	+7	—	—	—	—
82	17	Publishing Hldgs.5p	76	.....	—	—	—	44.0
87	45½	Theme Holdings	73	+2	1.0	♦	1.9	♦
140	111	Unit Group	140#	.....	R4.6	2.5	4.5	10.0

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsetable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 27 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¥ No par value.

B.Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	90	–1	Fin. 13% 97/02	£103⅝	–1⅛
Craig & Rose £1	£20	.....	Arnotts	380	.....
Finlay Pkg. 5p	124	–2	CPI Hldgs	85	.....
Holt (Jos) 25p	1803	.....	Carrol Inds.	165	.....
IoM Stm. £1	146	.....	Dublin Gas	18	.....
			Hall (R. & H.)	135	–5
IRISH			Heiton Hldgs.	50	.....
Fund 11¼% 1988	£1003/8	–⅛	Irish Ropes	195	+5
Nat. 9¾% 84/89	£97⅝	–⅛	Unidare	430	.....

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	40	NEI	12
Amstrad	20	Nat West Bk	65
BAT	55	P & O Dfd	65
BOC Grp	45	Plessey	22
BSR	17	Polly Peck	28
BTR	30	Racal Elect	24
Babcock	19	RHM	30
Barclays	52	Rank Org Ord	70
Beecham	50	Reed Intnl	45
Blue Circle	50	STC	30
Boots	25	Sears	15
Bowaters	50	TI	34
Brit Aerospace	55	TSB	10
Brit. Telecom	32	Tesco	55
Burton Ord	35	Thorn EMI	70
Cadburys	22	Trust Houses	24
Charter Cons.	40	Turner Newall	26
Comm Union	30	Unilever	300
Courtaulds	45	Vickers	20
FNFC	30	Wellcome	42
Gen Accident	95	**Property**	
GEC	24	Brit Land	25
Glaxo	200	Land Securities	45
Grand Met	55	MEPC	42
GUS 'A'	175	Peachey	45
Guardian	90	**Oils**	
GKN	30	Brit Petroleum	32
Hanson Tst	15	Britoil	32
Hawker Sidd	50	Burmah Oil	45
ICI	125	Charterhall	6
Jaguar	52	Premier	11
Ladbroke	40	Shell	110
Legal & Gen	32	Tricentrol	11
Lex Service	45	Ultramar	24
Lloyds Bank	50	**Mines**	
Lucas Inds.	62	Cons Gold	95
Marks & Spencer	22	Lonrho	26
Midland Bk	55	Rio T Zinc	90
Morgan Grenfell	35		

A selection of Options traded is given on the London Stock Exchange Report Page.

LONDON STOCK EXCHANGE

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
July 13	July 23	July 24	Aug 3
Jul 27	Aug 6	Aug 7	Aug 17
Aug 10	Aug 20	Aug 21	Sept 1

* New time dealings may take place from 9.00 am two business days earlier.

Equities rally at the close of a weak session while Gilt-edged suffer hefty falls

A fresh setback in UK Government bonds set the scene for another day of sliding equity prices yesterday, bringing double digit losses in major market indices.

Once again, selling was not heavy, but buyers backed away as worries over interest rates were joined by concerns over the current stock market settlement operation. The Stock Exchange Council has already expressed concern over the huge backlog of unsettled equity deals—possibly as much as £6bn—and the market was rife with rumours yesterday that some smaller firms were finding difficulty in resolving next Monday's Settlement Day accounts.

Gilt-edged closed near the day's lows, with net falls of 1¾. Equities were rallying at the close, however and a final loss of 13.0 points to 2333.9 on the FT-SE 100 index compared with a fall of 31 points at mid-session. The FT Ordinary Index lost 10.8 to 1834.2.

The rally was somewhat unconvincing but augured well for today's market debut of the publicly-sold BAA stock. BAA shares were trading around 141p in the grey or unofficial market, and the City was hopeful of a similar price in this morning's official market—effectively a 41p premium on the partly-paid price.

The privatisation share sector followed the market downwards, although turnover was modest. British Gas took a tumble, but only 8.4m shares changed hands. Closer to th BAA issue, shares in British Airways dipped by a few pence on turnover of 1.4m—also thin by recent standards, and British Aerospace showed little change on trade of 1.4m shares.

Among the multinationals, Fisons and Glaxo gave ground as Japanese interest appeared to switch to Boots. Imperial Chemical Industries ended only a shade off ahead of the interim results due on Thursday—with the market still nervy regarding prospects of a rights issue.

It was another session of small losses in the oil majors but there was no panic over the weekend developments in the Gulf of Oman. BP gave up a few pence but were steady at the close.

There was little joy in the Government bond sector. "Worldwide bond markets don't look so good," commented a London trader as prices slid by a full point and more in the face of an easier pound.

Selling of Gilts came mostly from domestic sources, with traders still making the running. Overseas funds remained out of the market.

GEC were unchanged at 238p on a relatively modest volume of 6.7m shares, following confirmation that the group is taking further steps to reduce its famed £1.7bn cash mountain.

The purchase of North Carolina-based Gilbarco from existing management for US$250m (£156m) is widely regarded in the City as only a tentative minor rung on GEC's acquisition ladder with a number of sources expecting a major foray towards the financial sector in the near future.

Gilbarco is the world leader in the supply of fuel pumps and systems and will dovetail with GEC's existing Avery-Hardoll operation. It achieved pre-tax profits of $25m last year with current year forecasts ranging up to $35m.

Shares in Boots extended last week's rise by a further gain of 8 to 320p as Dr A. Banerji, pharmaceuticals expert at Nomura Securities, confirmed his view that, "If Boots does come to be dominated by its pharmaceutical side, then the stock is due for a considerable re-rating."

He believes that the group could, within three years, be taking 60pc of profits from pharmaceutical and healthcare operations, with heart drugs, featured by flosequinan "capable of transforming the division."

Reuters, the worldlwide news and information services group, rose to 884p before closing 9 higher at 877p in the wake of better-than-expected interim figures. The pre-tax profits for the half-year were some £11.6m above analysts forecasts which ranged around the £70m mark.

However, enthusiasm was tempered to a certain extent by the board's warning that they do not expect the results for the year as a whole to match the large percentage gains of the first half.

Bank shares looked dull as the market trod water ahead of the Natwest's interim trading results, which mark the next link in the sector's reporting calendar. The City is fairly confident that Natwest will turn in satisfactory figures, with "no surprises" on the balance sheet. Having already disclosed its loan provision plans, Natwest rates at the top end of the range of analysts recommendations.

"We advise clients to stick with the high quality bank stocks, of which Natwest is clearly one," commented Mr William Vincent of Salomon Bros, the major US house.

At the close, Natwest shares showed a net fall of 4 at 751p, and Lloyds were 10 off at 399p, with Barclays 2 lower at 638p. Trustee Savings Bank shaded by 1 to 90½p as Hogg Robinson shareholders voted in favour of the plan to demerge its insurance, travel and transport operations.

Composite insurance issues began to rally in late dealings when some houses took the view that the shakeout had been taken too far.

Dealers reported a rather quiet trading session in the Building market. Among the occasional noteworthy movements, British Dredging advanced smartly to close 16½ to the good at 234p in response to a newsletter recommendation. Costain, still reflecting rumours that Consolidated Gold Fields has built up a near 5 per cent stake, met with further speculative demand and put on 14 more to 375p. Rumours of a link-up with Helical Bar continued to boost Stanley Miller which advanced 9 further to 145p.

Leading high street retailers weathered the storm well to close firmer for choice. Storehouse, firm of late amid persistent speculative activity, put on another 10 to 335p, while smaller gains were noted for Harris Queensway, 231p, and Sears, 178½p, the last-mentioned following the disclosure the Mr Robert Holmes a Court's Bell Group has increased its stake to 5.51 per cent. Press suggestions of a possible bid from Alexon lifted perennial takeover chestnut Ellos and Goldstein 3½ more to 115p, while bid excitement developed afresh in DIY group. A. G. Stanley, 9½ to the good at 186½p. The premier advance in the sector, however, was again made by Sumrie Clothes which spurted to a new peak of 293p before settling at 258p — a gain of 65 on the session — reflecting asset injection hopes in the wake of the change of broadroom control last week following the 28.6 per cent stake taken jointly by City and Westminster and Master Financial Services. Acsis Jewellery, another "shell" situation, rose 30 to 550p.

With some noteworthy exceptions, Electricals generally succumbed to the dull trend elsewhere in equities. Thorn EMI shed 11 to 747p, while Ferranti dipped 6 to 136p. Cable and Wireless, on the other hand, advanced 12 to 412p awaiting further developments in its attempts to enter the Japanese telecommunications market, the annual meeting is scheduled today. Control Techniques hardened 10 to 255p, the virtually unchanged interim profits being outweighed by the proposed acquisition of Q Power Transmissions for an initial consideration of 211,641 new Control shares; 93,122 of these are to be retained by the vendors of Q Power, with the balance being placed by Rowe and Pitman at 238.75p apiece. Electronic Machine, 30 dearer at 220p, and USM-quoted Ealing Electro-Optics, is better at 209p, both gained ground ahead of forthcoming trading statements. Favourable comment saw Sunleigh 5½ to the good at 60p, but a cautious mention left IBL 5 cheaper at 73. Electrocomponents fell 21 to 489p awaiting news from the annual meeting.

Bipel featured a jump of 17 at 87p on news of the share exchange or cash alternative offer of 84p per share from CI Group. Elsewhere in the Engineering sector, weekend Press mention stimulated interest in Christy Hunt, 29 to the good at 137p, Tex Holdings, 10 higher at 183p, and VSEL Consortium, 11 better at 621p. Satisfactory interim results left Bullough 10 dearer at 515p, while Downiebrae, still reflecting expansion prospects, met with renewed demand and put on 14 further to 215p.

Most leading miscellaneous industrials ended the day with modest losses after an initial bout of nervousness. Elsewhere, Gestetner responded to the better-than-expected half-year figures with a rise of 7 to 285p. London Financial Investment featured a jump of 23 to 121p in response to a newsletter recommendation, while Black Arrow, which recently announced good results, a proposed bonus issue and share subdivision, met with revived demand and put on 20 more to 355p. Speculative demand left Celestion 15 to the good at 61p, while Elbief, a depressed market last week on the poor annual results, rallied 8 to 71p. Favourable Press mention prompted a jump of 30 to 825p in Worcester, but disappointing preliminary figures left Cowan de Groot 5 cheaper at 89p.

As foreshadowed in the weekend Press, Laidlaw, the Edinburgh-based Ford main dealer, was the subject of an agreed offer from Goode Durrant, the property and financial services concern headed by New Zealander Mr Bruce Judge; Laidlaw advanced 76 to 290p on the development—a discount of 20 on the share-exchange terms from Goode Durrant, 4 higher at 258p. The news served to re-emphasise the takeover vulnerability of Motor Distributors and sympathetic gains were established by Alexanders, 8½ up at 60p and Lookers, 18 dearer at 460p. T. Cowie, seen as a predator rather than a potential target, eased 13 to 982p. Lex Service also lost ground, closing 19 off at 446p reflecting nervousness ahead of Thursday's half-timer; BZW are anticipating pre-tax profits of around £19m. Otherwise subsdued Components featured fresh speculative enthusiasm for Airflow Streamlines, finally 23 to the good at 243p.

Eucalyptus Pulp advanced 70 in a narrow market to 530p; Caima, the group's Portuguese forest and pulp subsidiary, announced proposals to raise ES 6.3bn (£27m) via a rights issue. Elsewhere in Paper/Printings, Olives attracted a fresh flurry of speculative attention and improved 23 to 153p. WPP hardened 10 to 870p awaiting today's interim statement.

Most leading Property shares put on a relatively steady performance. Elsewhere, satisfactory annual results left Mountleigh a few pence better at 309p. Estate Agents, Baker Harris Saunders reacted 20 to 395p after trading news.

Trust shares had another cautious session as traders viewed the continuing weakness in the underlying equity market. While the slide in equity prices—and thus on trust asset values—has yet to upset the trusts, a few sellers began to appear yesterday afternoon.

Among the firmer spots, however, was Investment Co., which jumped sharply from 95p to 110p following recommendation from inside the market.

Oil shares followed the general trend, but in most cases final quotations were only a few pence above the worst. British Petroleum were actively traded (some 8.8m shares) before settling 4 cheaper on the day at 370p. Enterprise ended 7½ off at 303p, while Burmah finished 11 cheaper at 569p. Ultramar reacted afresh to 282p after the recent bout of speculative activity before rallying to close 7 off on the day at 286p. British Gas settled a shade lower at 180½p in a volume of 8.4m shares. Elsewhere, Press mention prompted a rise of 14 to 98p in North Sea and General.

As on Friday, traded option activity was featured by GEC which attracted 2,259 calls and 3,072 puts following the Gilbarco acquisition. Operators also came in for positions in British Telecom and Rolls Royce which recorded 2,260 and 1,248 calls respectively. A useful evenly-balanced business resulted in the FT-SE 100 index contributing 1,685 calls and 1,809 puts. Total contracts struck, however, remained disappointing at 30,598.

FINANCIAL TIMES STOCK INDICES

	July 27	July 24	July 23	July 22	July 21	Year ago	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs	88.37	89.35	89.37	89.54	90.36	83.88	93.32 (8/5)	84.49 (6/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	96.73	96.90	97.00	97.39	97.52	95.76	99.12 (15/6)	90.23 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1834.2	1845.0	1836.1	1832.4	1872.0	1263.8	1,926.2 (16/7)	1,320.2 (2/1)	1,926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	439.8	442.8	447.5	446.3	437.1	199.3	485.0 (14/4)	288.2 (19/2)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	3.14	3.12	3.13	3.13	3.07	4.36				
Earnings Yld.%(full)	7.62	7.58	7.61	7.60	7.45	10.42				
P/E Ratio (net) (*)	16.12	16.22	16.15	16.17	16.49	11.68				
SEAQ Bargains (5 pm)	47,113	58,915	46,687	45,720	49,371	—				
Equity Turnover (£m)	—	—	2103.37	2013.98	1615.67	526.09				
Equity Bargains	—	—	57,365	58,757	60,081	23,801				
Shares Traded (ml)	—	—	734.5	747.4	630.2	263.6				

S.E. ACTIVITY

Indices	July 24	July 23
Gilt Edged Bargains	—	152.6
Equity Bargains	—	371.7
Equity Value	—	4251.5
5-Day Average		
Gilt Edged Bargains	—	155.5
Equity Bargains	—	415.4
Equity Value	—	3696.7

♥ Opening 1824.1 | 10 a.m. 1820.3 | 11 a.m. 1823.4 | Noon 1822.7 | 1 p.m. 1826.8 | 2 p.m. 1830.6 | 3 p.m. 1830.7 | 4 p.m. 1828.0

Day's High 1834.2 Day's Low 1819.1. Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, *Nil=15.82.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

Traditional Options

- First dealings July 20
- Last dealings July 31
- Last declaration Oct 22
- For Settlement Nov 2

For rate indications see end of London Share Service

Stocks dealt in for the call included Wm. Boulton, Dares Estates, Hyman, Platignum, Boots, Abaco, Property Trust, Hampton Trust, Burnett and Hallamshire, Owners Abroad, Sunleigh, FJC Lilley, Associated British Engineering, Mountleigh, Rolls-Royce, Rotaprint, Kalon, Ladbroke, Atlantic Resources, Eagle Trust, Bula Resources, FKI Electricals, Hawtin, Feedex, James Neill, Linread, Pavion, Morgan Grenfell, Amstrad, Wheway, London and Manchester, Bejam, Benjamin Priest, Rothmans, Asda Properties, Norfolk Capital and British Benzol.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	3,700	201	—	Jaguar	962	583	−7
Allied Lyons	4,200	454	−8	Ladbroke	1,400	444	−2½
Amstrad	775	177	—	Land Securities	1,300	563	+3
Argyll Group	465	444	+1	Legal & Gen.	1,300	321	−5
Assoc. Brit. Foods	286	386	−4	Lloyds Bank	1,500	399	−5½
BAT	1,400	631	−10	Lonrho	889	281	−3
BET	452	284	+4	MEPC	468	543	+3
BOC	409	520	+3	Marks & Spencer	1,000	259	+2½
BPB Inds	214	838	—	Midland Bank	441	618	−4
BPCC	278	332	−2	NatWest Bank	557	751	−4
BTR	977	331	−3	Next	439	330	−1
Barclays	557	638	−2	Pearson	2,100	745	+8
Bass	394	991	−15½	P & O	404	738	−4
Beecham	1,000	560	−4	Pilkington Bros	802	£10	−⅛
Blue Circle	489	510	+5	Plessey	4,100	206	—
Boots	5,300	320	+8	Prudential	179	£10¾	−⅛
Brit. Airways	1,400	155	−3	Racal	2,700	279	−2
Brit. Aero	1,400	520	—	Rank Org.	118	748	−6
Brit. & Comm.	1,200	559	+5	RHM	705	350	+1
British Gas	8,400	180½	−1½	Reckitt & Col	195	£11¼	−¼
Britoil	4,000	306	−5	Redland	651	542	+1½
BP	9,300	370	−6	Reed Intl.	1,100	536	+2
Brit. Telecom	4,200	287	−1½	Reuters	906	877	+9
Bunzl	1,700	272	−2	RMC	255	519	−4
Burton	2,300	329	−4	RTZ	577	£12¾	+⅛
Cable & Wire	5,300	412	+12	Rolls-Royce	3,550	114	−2
Cadbury Schwps	1,700	275	+1	Rowntree	167	538	−8
Coats Viyella	1,200	345	+1	Ryl Bank Scotland	386	434	−4
Comm. Union	1,700	363	−1	Royal Insurance	779	556	−2
Cons. Gold	145	£12⁹⁄₁₆	+⅛	STC	2,200	308	−2
Cookson	129	764	−7	Saatchi & Saatchi	313	660	−2
Courtaulds	438	486	—	Sainsbury	1,200	279	+3
Dee Corpn	2,900	229	+1	Scott & Newcastle	272	253	+1½
Dixons Group	2,700	377	+2	Sears	7,000	178½	+4
English China Clays	368	512½	−1½	Sedgwick	445	335	−2
Fisons	1,700	357	−9	Shell Trans	1,100	£14⅞	−⅛
Gen. Accident	171	£10⅝	—	Smith & Nephew	331	175	−1
Gen. Elect	6,700	238	—	Standard Chart.	111	815	−5
Glaxo	1,000	£17½	−⅛	Storehouse	11,850	335	−10
Globe Investment	414	186	−2½	Sun Alliance	389	£10¹¹⁄₁₆	+⅛
Granada	429	399	−6	TSB	832	90½	−1
Grand Met	2,100	568	−7	Tarmac	1,300	313	+7
GUS "A"	124	£14⅞	+⅜	Tesco	962	198	—
Guardian R.E.	29	£10¾	−⅛	Thorn EMI	603	747	−1
GKN	1,600	379½	−6½	Trafalgar House	918	416	−1½
Guinness	1,300	366	−4	T'house Forte	723	268	−1
Hammerson	246	605	—	Unigate	1,700	403	−11
Hanson Trust	10,000	181	−2	Unilever	631	657	−14
Hawker Sidd.	404	578	−6	United Biscuits	372	329	−4
Hillsdown Hldgs	3,200	311	−2	Wellcome	772	477	−5
ICI	1,000	£14⅞	—	Whitbread "A"	2,400	357	−8
				Woolworth	1,000	398	−2

NEW HIGHS AND LOWS FOR 1987

NEW HIGHS (166)

AMERICANS (7). BANKS (4). BREWERS (2). BUILDINGS (8). CHEMICALS (4). STORES (3). ELECTRICALS (13). ENGINEERING (14). FOODS (3). INDUSTRIALS (32). LEISURE (2). MOTORS (4). NEWSPAPERS (1). PAPERS (6). PROPERTY (7). SHIPPING (3). SHOES (1). TEXTILES (4). TRUSTS (14). OILS (7). PLANTATIONS (1). MINES (13). THIRD MARKET (2).

NEW LOWS (8)

BRITISH FUNDS (6) Treas. 8pc 1992 (£20 pd), Treas. 8pc 1992, Treas. 8½pc 2000 (£50 pd), Exch. 9pc 2002, Treas. 8pc 2002-6, A Conversion 9pc Ln 2011. LOANS (1) N'wide 8⅝pc 23.5.88. ENGINEERING (1) Rolls-Royce.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	0	113	0
Corporations, Dominion and Foreign Bonds	2	27	29
Industrials	478	576	511
Financial and Properties	130	229	240
Oils	28	41	45
Plantations	2	4	8
Mines	47	46	77
Others	102	54	101
Totals	789	1,090	1,031

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

	Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 27%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Fri July 24 Index No.	Thurs July 23 Index No.	Wed July 22 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (212)	[illegible]									
2 Building Materials (30)	[illegible]									
3 Contracting, Construction (33)	[illegible]									
4 Electricals (12)	[illegible]									
5 Electronics (35)	[illegible]									
6 Mechanical Engineering (60)	[illegible]									
8 Metals and Metal Forming (7)	[illegible]									
9 Motors (14)	[illegible]									
10 Other Industrial Materials (21)	[illegible]									
21 CONSUMER GROUP (184)	[illegible]									
22 Brewers and Distillers (22)	[illegible]									
25 Food Manufacturing (24)	[illegible]									
26 Food Retailing (16)	[illegible]									
27 Health and Household Goods (10)	[illegible]									
29 Leisure (31)	[illegible]									
31 Packaging & Paper (15)	[illegible]									
32 Publishing & Printing (14)	[illegible]									
34 Stores (36)	[illegible]									
35 Textiles (16)	[illegible]									
40 OTHER GROUPS (87)	[illegible]									
41 Agencies (16)	[illegible]									
42 Chemicals (22)	[illegible]									
43 Conglomerates (12)	[illegible]									
45 Shipping and Transport (11)	[illegible]									
47 Telephone Networks (2)	[illegible]									
48 Miscellaneous (24)	[illegible]									
49 INDUSTRIAL GROUP (483)	[illegible]									
51 Oil & Gas (17)	[illegible]									
59 500 SHARE INDEX (500)	[illegible]									
61 FINANCIAL GROUP (118)	[illegible]									
62 Banks (8)	[illegible]									
65 Insurance (Life) (9)	[illegible]									
66 Insurance (Composite) (7)	[illegible]									
67 Insurance (Brokers) (9)	[illegible]									
68 Merchant Banks (11)	[illegible]									
69 Property (46)	[illegible]									
70 Other Financial (28)	[illegible]									
71 Investment Trusts (92)	[illegible]									
81 Mining Finance (2)	[illegible]									
91 Overseas Traders (10)	[illegible]									
99 ALL-SHARE INDEX (722)	[illegible]									

	Index No.	Day's Change	Day's High	Day's Low	July 24	July 23	July 22	July 21	July 20	Year ago
FT-SE 100 SHARE INDEX ♦	2333.9	−13.0	2333.9	2315.7	2346.9	2340.2	2344.5	2390.5	2400.7	1549.4

FIXED INTEREST

PRICE INDICES	Mon July 27	Day's change %	Fri July 24	xd adj. today	xd adj. 1987 to date
British Government					
1 5 years	122.04	−0.58	122.76	—	4.64
2 5-15 years	138.32	−1.28	140.41	0.29	8.38
3 Over 15 years	147.92	−1.42	150.06	—	7.25
4 Irredeemables	161.47	−1.28	163.56	—	7.27
5 All stocks	135.57	−1.11	137.23	0.15	7.72
Index-Linked					
6 5 years	122.13	−0.24	122.43	—	1.57
7 Over 5 years	115.12	−0.86	116.13	—	2.08
8 All stocks	115.53	−0.81	116.47	—	2.03
9 Debentures & Loans	121.81	+0.05	121.77	0.02	6.20
10 Preference	83.23	—	83.23	—	3.49

AVERAGE GROSS REDEMPTION YIELDS		Mon July 27	Fri July 24	Year ago (approx.)
British Government				
1 Low	5 years	8.43	8.20	8.26
2 Coupons	15 years	9.40	9.25	9.25
3	25 years	9.41	9.24	9.28
4 Medium	5 years	9.56	9.34	9.17
5 Coupons	15 years	9.77	9.56	9.59
6	25 years	9.66	9.46	9.51
7 High	5 years	9.73	9.66	9.33
8 Coupons	15 years	9.74	9.57	9.60
9	25 years	9.49	9.35	9.57
10 Irredeemables		9.28	9.19	9.03
Index-Linked				
11 Inflat'n rate 5%	5 yrs.	2.63	2.55	3.96
12 Inflat'n rate 5%	Over 5 yrs.	3.83	3.77	3.57
13 Inflat'n rate 10%	5 yrs.	2.39	2.32	2.69
14 Inflat'n rate 10%	Over 5 yrs.	3.79	3.73	3.41
15 Debs &	5 years	10.37	10.31	10.09
16 Loans	15 years	10.37	10.31	10.45
17	25 years	10.37	10.31	10.42
18 Preference		10.32	10.29	10.88

♦Opening index 2321.8; 10 am 2315.9; 11 am 2320.9; Noon 2319.9; 1 pm 2324.9; 2 pm 2328.9; 3 pm 2328.8; 3.30 pm 2324.9; 4 pm 2328.4

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.

LONDON TRADED OPTIONS

Option		Calls			Puts		
[illegible]							

July 27. Total Contracts 30,598. Calls 18,592. Puts 12,006. FT-SE Index Calls 1,695 Puts 1,809 *Underlying security price.

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price p	+ or −	Net Div.	Times Covered	Gross Yield	P.E. Ratio
[illegible]											

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price £	+ or −
[illegible]							

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price p	+ or −
[illegible]							

Renunciation date usually last day for dealing free of stamp duty. [illegible]

WORLD STOCK MARKETS

AUSTRIA · BELGIUM/LUXEMBOURG · DENMARK · FINLAND · FRANCE · GERMANY · ITALY · NETHERLANDS · NORWAY · SPAIN · SWEDEN · SWITZERLAND · AUSTRALIA · HONG KONG · JAPAN · SINGAPORE · SOUTH AFRICA

CANADA

TORONTO
Closing prices July 27

MONTREAL
Closing prices July 27

Total Sales 4,399,232 shares

Indices

NEW YORK-DOW JONES

	July 27	July 24	July 23	July 22	July 21	July 20	1986/87 High	1986/87 Low	Since Compilation High	Since Compilation Low
Industrials	2,493.94	2,485.33	2,471.94	2,470.18	2,487.95	2,487.72	2510.04 (17/7/87)	1927.31 (2/1)	2510.04 (17/7/87)	41.22 (2/7/32)
Transport	1,056.38	1,052.42	1,047.55	1,040.31	1,032.83	1,038.91	1052.42 (24/7/87)	816.38 (2/1)	1052.42 (24/7/87)	12.32 (8/7/32)
Utilities	201.04	199.81	200.48	201.12	200.71	202.10	227.83 (22/1/87)	191.39 (29/5)	227.83 (8/4/87)	10.5 (8/4/32)
Trading vol		158.38m	83,925	175,085m	188,484m	188,603m	–	–	–	–

	July 17	July 10	June 26	Year Ago (Approx)
Ind Div Yield %	2.74	2.80	2.82	3.81

STANDARD AND POORS

	July 27	July 24	July 23	July 22	July 21	July 20	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Industrials	359.82	361.52	360.82	358.84	361.33	364.02	368.33 (17/7/87)	274.58 (2/1/87)	368.33 (17/7/87)	3.62 (21/6/32)
Composite	310.65	309.27	307.81	308.47	308.55	311.39	314.59 (17/7/87)	246.45 (2/1/87)	314.59 (17/7/87)	4.40 (1/6/32)

	July 23	July 16	July 9	Year Ago (Approx)
Ind div yield %	2.37	2.34	2.84	3.13
Ind. P/E Ratio	23.82	23.75	20.40	17.12
Long Gov Bond Yield	7.70	8.06	8.45	8.78

N.Y.S.E. ALL COMMON

July 27	July 24	July 23	July 22	1987 High	1987 Low
174.47	173.70	173.03	173.45	179.77 (22/6)	141.01 (21/1)

RISES AND FALLS

	July 24	July 23	July 22
Issues traded	1,996	1,960	1,965
Rises	837	616	674
Falls	708	922	854
Unchanged	451	422	437

TORONTO	July 27	July 24	July 23	July 22	1987 High	1987 Low
Metals & Minls	3,256.1	3,263.29	3,233.90	3,163.70	3,264.40 (16/7/87)	1,988.2 (2/1/86)
Composite	3,946.4	3,956.91	3,946.00	3,940.30	3,998.18 (16/7/87)	3,067.8 (2/1/86)
MONTREAL Portfolio	1,983.74	1,985.56	1,974.62	1,974.31	2,224.77 (16/7/87)	1,534.3 (2/1/85)

* Indicates pre-close figure

	July 27	July 24	July 23	July 22	1987 High	1987 Low
AUSTRALIA						
All Ord (1/1/80)	1998.1	1998.0	1985.3	1961.4	1998.0 (24/7)	1486.7 (2/2)
Metals & Mnrls (1/1/80)	1277.3	1280.5	1283.6	1244.2	1287.5 (18/5)	729.1 (2/1)
AUSTRIA						
Credit Aktien (30/12/84)	218.11	213.42	215.42	244.13	230.60 (2/1)	182.21 (19/6)
BELGIUM						
Brussels SE (1/1/84)	5247.61	5156.12	5114.38	5098.60	5247.61 (27/7)	3987.86 (9/1)
DENMARK						
Copenhagen SE (3/1/83)	(–)	203.88	203.18	203.05	217.57 (22/1)	189.64 (6/1)
FINLAND						
Unitas General (1975)	616.0	613.6	610.5	607.6	616.0 (27/7)	425.2 (5/1)
FRANCE						
CAC General (31/12/82)	415.30	414.00	408.60	404.50	460.4 (26/3)	392.0 (2/1)
Ind Tendance (31/12/86)	106.40	107.00	105.20	103.80	117.2 (26/3)	97.8 (2/1)
GERMANY						
FAZ Aktien (31/12/58)	636.89	639.28	636.00	642.42	676.84 (6/1)	538.32 (19/3)
Commerzbank (1/12/53)	1931.00	1935.00	1927.60	1952.2	2048.3 (6/1)	1633.8 (19/3)
HONG KONG						
HangSeng Bank (31/7/64)	3346.87	3343.60	3366.821	3,308.41	3386.09 (20/7)	2449.88 (20/1)
ITALY						
Banca Com. Ital (1972)	684.41	679.92	687.54	699.08	767.34 (30/4)	668.45 (14/7)
JAPAN**						
Nikkei (16/5/49)	24104.98	23842.94	23036.524	22,702.74	25929.42 (17/6)	18544.0 (13/1)
Tokyo SE New (4/1/68)	2007.33	1999.35	1918.19	1888.27	2258.56 (11/6)	1557.46 (13/1)
NETHERLANDS						
ANP CBS Gen (1970)	314.90	316.90	316.10	319.80	320.60 (20/7)	257.7 (28/1)
ANP CBS Indust. (1970)	268.60	270.00	268.40	271.60	274.9 (5/1)	243.60 (11/6)
NORWAY						
Oslo SE (4/1/83)	455.77	460.90	460.57	459.29	460.57 (23/7)	361.98 (2/1)
SINGAPORE						
Straits Times (30/12/66)	1338.37	1361.75	1373.567	1,385.87	1398.04 (20/7)	889.08 (2/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	(—)	2334.0	2369.0	2363.0	2369.0 (23/7)	1786.0 (19/3)
JSE Indust (28/9/78)	(—)	2116.0	2125.0	2118.0	2124.0 (23/7)	1423.0 (2/1)
SPAIN						
Madrid SE (30/12/85)	270.87	264.16	262.70	262.01	270.87 (27/7)	202.89 (8/5)
SWEDEN						
Jacobson & P. (31/12/56)	(u)	2852.00	2840.90	2826.60	2885.50 (17/7)	2111.39 (28/1)
SWITZERLAND						
Swiss Bank Cp. (31/12/58)	(—)	651.7	655.3	651.5	655.3 (23/7)	559.7 (25/2)
WORLD						
M.S.Capital Intl. (1/1/70)	(—)	459.1	450.50	447.0	480.30 (12/6)	361.3 (2/1)

**Saturday July 25: Nikkei Index: 23,964.91.

Base values of all indices are 100 except Brussels SE—1,000 JSE Gold—255.7 JSE Industrials—264.3 and Australia. All Ordinary and Metals—500; NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities. 40 Financials and 20 transports. (c) Closed. (u) Unavailable.

NYSE-Consolidated 1500 Actives

	Stocks Traded	3.00p.m. Price	Change on Day		Stocks Traded	3.00p.m. Price	Change on Day
Southern Co	13,680,600	24	– 1/4	Amer Express	870,500	35	+1 1/4
Pinnacle West	4,809,800	31 7/8	unch	Coca-Cola	833,000	47 1/8	+ 1/4
AT&T	1,160,900	30 7/8	+ 1/8	Union Carbide	756,300	28 1/2	+1 1/4
Pacific Telesis	1,026,000	25 1/4	unch	Warner Com.	717,800	37	+1
Harcourt Brace	989,800	62 1/2	unch	Amax Inc.	684,800	26 1/4	– 3/8

LONDON – Most Active Stocks
Monday, July 27, 1987

	Stocks Traded	Closing Price	Change on Day		Stocks Traded	Closing Price	Change on Day
Storehouse	11.8m	335	–10	Gen Elect	6.7m	238	unch
Hanson Tr	10.8m	181	– 2	Boots	5.3m	320	+ 8
BP	9.3m	370	– 6	Cble & Wire	5.3m	412	+12
Brit Gas	8.4m	188 1/2	– 1 1/2	Plessey	4.1m	206	unch
Sears	7.0m	178 1/2	+ 4	All. Lyons	4.2m	454	– 8

TOKYO – Most Active Stocks
Monday, July 27, 1987

	Stocks Traded	Closing Prices	Change on Day		Stocks Traded	Closing Prices	Change on Day
Nisshin Steel	13.82m	471	+ 1	Tokuyama Soda	9.84m	840	+50
Nippon Steel	12.62m	329	+ 7	Snow Brand Milk	8.01m	1,690	+80
Sumi Light Metal	12.54m	481	+ 20	Yamanouchi Pharma	5.89m	4,750	–80
Tokyo Steel	10.50m	1,850	+150	Asahi Optical	5.53m	848	–10
UBE Industries	10.35m	482	– 3	Yokohama Rubber	5.26m	498	+26

OVER-THE-COUNTER Nasdaq national market, closing prices

Continued from Page 41

LONDON Chief price changes (in pence unless otherwise indicated)

RISES:

Airfl. Streamlines	243	+23
Bibel	87	+17
Boots	320	+ 8
Brit. Dredging	234	+16 1/2
Cble & Wrless	412	+12
Celestion	61	+15
Christy Ht	137	+29
Costain	375	+14
Downibrae	215	+14
Elec Machine	220	+30
Eucalyptus	530	+70
Ferguson (J.)	151	+23
Laidlaw Gr	290	+76
Lndn Finan. & Inv	121	+23
Miller (S.)	145	+ 9
Reuters	877	+ 9
Sumrie Clths	258	+65

FALLS:

Tr. 13 3/4pc 2000-03	£127 13/16	–1 3/4
Tr. 13 1/2pc 2004-08	£132 3/16	–1 7/8
Lex Serv	446	–19

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock		Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
35	20⅞	AAR	s	.50	1.6	22	98	32¼	31	32¼	+1¼
37	22	ADT		.92	2.9	18	316	32¾	32¼	32¼	−½
30	16¾	AFG	s	.16	.5	10	240	29½	28⅝	29½	+⅝
22⅜	8⅝	AGS	s			17	888	18⅝	17⅞	18¼	+⅝
11⅞	6⅞	AMCA					42	9½	9⅜	9⅝	+⅛
9⅝	4⅞	AM	Intl				694	7⅛	7	7	
62⅞	49¼	AMR				13	3041	61⅛	60⅝	61	
27½	24⅞	ANR	pf 2.67		10.		2	26¾	25¾	26¾	+¾
11¾	8	ARX	s			12	55	10⅝	10½	10½	−⅛
73½	30½	ASA		2a	3.0		862	66¼	65⅜	65⅝	
20	9¾	AVX			2.0	33	52	16¾	16¼	16⅜	−¼
67	41	AbtLab		1	1.6	25	3934	62⅝	61¾	62¼	−¼
26	24½	Abitibi g					3	24½	24½	24½	
28¾	16⅝	AccoWs		.44	1.5	25	584	28¾	28⅜	28⅝	
15⅛	9	AcmeC		.40	2.7	15	x286	14⅞	14⅛	14⅞	+¾
8⅜	6⅛	AcmeE	.32b		4.0	31	15	8	7⅞	8	+⅛
23⅞	19	AdaEx	3.42e		16.		103	22⅛	21⅝	22	+¼
19½	11⅜	AdmM	s	.24	1.7	11	72	14⅝	14⅜	14½	−⅛
25⅛	12⅞	AdvSys	.62i		2.7	17	17	23½	23¼	23¼	
24½	12⅞	AMD					2303	17⅞	17½	17¾	+⅜
54¾	47	AMD	pf	3	6.3		108	47⅞	47½	47⅞	+½
10¾	5¼	Adobe					242	10½	10⅛	10½	+¼
20½	13¾	Adob	pf 1.84		9.4		38	19½	19⅜	19½	+¼
[illegible]											

Continued on Page 41

مطابق للأصل

NYSE COMPOSITE CLOSING PRICES

Continued from Page 40

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
105	86¼	PaPL pr8.70		9.7		z300	90½	89¾	89¾	−3⅛
67	44	Pennwlt 2.20		3.4	17	124	64¾	64½	64¾	+⅛
99	70	Penw pr2.50		2.6		1	96¼	96¼	96¼	
36⅞	26	Penw pr1.60		4.3		1	37½	37½	37½	+¼
95	51¼	Pennzo 2.20		3.0	38	1199	74½	73⅝	73⅝	−⅞
26¾	18½	PeopEn 1.44		7.5	11	317	19½	19⅛	19¼	
53⅞	35¼	PepBoy .24		.5	32	348	53⅛	52⅝	52½	−½
18	11¾	PepB wi				157	17⅞	17¼	17⅝	−¼
39¾	24½	PepsiCo .68		1.8	19	3850	38⅞	38¼	38½	−⅛
13⅛	10⅛	PerkF n.83e		7.7	25	191	11	10⅝	11	+⅜
41⅛	23⅛	PerkEl .60		1.9	23	1108	31⅞	31½	31⅞	+⅛
8⅛	5½	Prmian .38e		5.0	13	x131	7⅞	7⅝	7⅝	
9¾	6⅝	PrLP pr1.15		12.		525	9⅝	9⅜	9⅜	−¼
18¾	9½	PeryDr .22		1.9		278	12⅛	11¾	11⅞	+⅛
34⅞	24½	Petrie .70		2.0	23	8654	u35⅝	32⅞	35⅜	+2⅝
21¼	17½	PtPar n 2		11.		1413	18⅝	18¼	18⅝	+⅛
33½	26½	PetRs 2.57e		7.9		18	32½	32¼	32½	−⅛
20	15⅞	PetRs pf1.57		8.8		21	17⅞	17⅝	17¾	+⅛
2½	1	PtrInv .07e		4.0		36	1¾	1¾	1¾	−⅛
77	56¼	Pfizer 1.80		2.5	18	x2479	72⅞	72⅛	72⅝	+⅜
44⅝	16	PhelpD			29	1214	43⅝	43	43¼	−⅜
64	51	PhlpD pf 3		4.7		158	64	63¼	63½	−½
28	19⅛	PhilaEl 2.20		9.9	9	2108	22⅛	21⅞	22⅛	+⅛
43⅞	35	PhE pfA3.80		9.4		z120	40½	38½	40½	+½
49	41	PhE pfC4.40		10.		z100	43	43	43	
97⅛	80⅛	PhE pfG8.75		10.		z100	84½	84½	84½	−1
106	93½	PhE pfS9.50		10.		z100	94	93½	93½	−½
13⅞	12⅛	PhE pfR1.41		11.		7	12¾	12½	12½	+¼
13¼	11⅛	PhE pfP1.33		11.		27	11¾	11½	11¾	
88⅜	73½	PhE pfH7.85		10.		z100	76½	76½	76½	

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
33⅛	11⅛	Savin				793	1¾	1½	1⅝	−⅛
5⅜	3⅛	Savin pf				4	5¼	5¼	5¼	
42⅞	30⅝	SCANA 2.32		7.5	10	565	31⅜	30⅞	31⅛	+⅛
10	8	Schir n				230	8¾	8⅝	8⅝	−⅛
52¾	34¾	SchrPl s			21	2285	51⅞	51	51¾	+⅝
50¾	27¼	Schlmb 1.20		2.5		4297	48½	47⅜	47⅞	+½
19⅞	8½	SciAtl .12		.7		905	17⅛	17	17⅛	
82½	54¾	ScottP 1.36		1.8	14	328	75⅞	75⅜	75⅞	+¼
15⅞	12	Scottys .52		3.7	19	170	14¼	14	14⅛	−⅛
12¼	10½	ScdNA n				2111	u13	12¼	12⅝	+¼
26½	12¾	SeaCnt .05e		.2		329	25¼	24⅞	25⅛	+¼
52⅝	30¾	TycoLb .40		.8	32	372	49⅞	49⅜	49⅞	+⅛
15½	11¼	Tyler .40		2.7	25	30	14⅝	14⅝	14⅝	+¼

U U U

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
44½	19⅛	UCCEL			38	68	40⅛	39¾	40⅛	+⅛
27⅛	17¼	UDC	2.20	12.	7	473	19⅛	18⅞	19	−⅛
32	24	UGI	2.04	7.3	13	18	28⅛	27⅞	28⅛	+⅛
17¼	8¼	UNCInc			15	552	10⅛	10	10	−⅛
31⅜	20⅝	UNUM n.30e		1.3		765	23⅛	22¾	23⅛	+¼
21⅞	14⅜	URS			18	118	18¾	18½	18¾	+⅛
48¾	36¼	USFG	2.48	6.3	10	7258	39⅜	38⅞	39¼	−⅛

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
57¾	37	Wlwth s1.32		2.4	15	747	56½	55⅝	56⅛	−⅜
161	106	Wolw pf2.20		1.4		1	158½	158½	158½	−⅝
7¼	2	WrldCp				4	7	7	7	−⅛
19¾	14⅜	WrldVl n				30	19⅞	18⅞	18⅞	
54⅜	41¼	Wrigly s1.04		2.0	17	73	51⅞	51⅜	51¾	+½
3⅞	1⅜	Wurltzr				39	2¾	2⅝	2¾	+⅛
18⅞	11⅛	WyleLb .32		2.1	31	67	15⅝	15½	15½	−⅛
24¾	16	Wynns .60		3.2	15	7	19	19	19	

X Y Z

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
81¼	51	Xerox 3		4.0	17	4826	74⅞	74⅛	74¾	+⅝
58¼	54¼	Xerox pf5.45		9.8		90	55⅝	55¼	55⅝	+⅛
28⅞	21½	XTRA .64		2.3		67	27⅞	27⅜	27⅞	+⅛
25⅞	25⅝	Xtra pf 1.94		7.6		311	25¾	25⅝	25⅝	−¼
27⅞	15	Yorkin			13	355	27⅜	26⅝	27⅛	+⅜
7¼	2¼	Zapata				452	6¼	6	6¼	+⅛
36¼	20¾	Zayre .40		1.3	18	3295	30⅝	29½	29¾	−¼
29¾	18⅞	ZenithE			115	813	28⅞	28⅝	28¾	+⅜
13½	6	ZenLab				363	10⅛	9⅞	10	+⅛
19½	12⅜	Zero .36		2.1	17	407	17⅛	16¾	17⅛	
29⅝	16⅜	Zurnin s			19	188	29⅝	28¼	28⅝	−1
10⅝	8¾	Zweig n.65a		6.5		853	10¼	10	10	−¼

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls — sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

OVER-THE-COUNTER

Nasdaq national market, closing prices

Continued on Page 39

FINANCIAL TIMES

WORLD STOCK MARKETS

AMERICA

Moderate gains despite growing signs of caution

WALL STREET

OVERCOMING a brief sinking spell at the opening, Wall Street stock prices edged ahead yesterday in moderate trading, *writes Roderick Oram in New York.*

Credit markets followed a similar course, although price gains were only modest as the markets remained burdened by the heavy supply of new issues due to hit the markets next month.

The Dow Jones industrial average closed up 8.61 points at 2,493.94. A lot of its rise came, however from Merck which gained $4½ to $184½ on rumours the drugs group would announce at its annual meeting today a higher dividend, share buy back or stock split.

Broader market indices followed a similar pattern with the Standard & Poor's 500 closing up 1.37 at 310.64 and the New York Stock Exchange composite index adding 0.77 to 174.47. NYSE volume was 152m shares with the number of shares advancing leading those declining by a ratio of four-to-three.

Buyers stepped into the markets after the Dow Industrial fell some six points in early trading but analysts believe investors will remain highly cautious in the near-term and be inclined to take profits around the Dow 2,500 level.

With the quarterly results season beginning to wind down, the markets are losing the stimulation they had received in recent weeks from news of healthy profits growth at many companies.

Among the dwindling number of reports yesterday, Du Pont fell ⅞ to $124½ after turning in per share profits of $2.08 against $1.88 a year earlier. Higher profits from chemicals were dragged down by a squeeze on margins on refined oil products.

COMPAQ slipped $⅛ to $46⅞ after more than doubling second quarter profits to 30 cents a share. Other companies reporting higher earnings included Telerate, off $⅜ to $42⅞, Williams Companies, off $⅜ to $36, and Tyson Foods, down $¼ at $18⅝. Cummins Engine dropped $4⅛ to $83½ despite reporting profits of 77 cents a share against 32 cents.

After the markets closed, American Express, up $½ to $35¼, said it would buy back up to 40m of its shares, equal to 9.3 per cent of the total, over the next two to three years.

In the takeover arena, Harcourt Brace Jovanovich gained $1¼ to $63¾ after Mr Robert Maxwell said he was dropping his attempts to thwart its recapitalisation. The British media magnate has also dropped his bid for the US publisher which triggered the recapitalisation as a defensive move.

Southern Company was the most active New York Stock Exchange issue, slipping $¼ to $24 on volume of more than 20.7m shares. It begins trading ex-dividend today and at current prices yields about 8.9 per cent.

Credit markets opened slightly weaker from Friday night's close but above levels posted abroad over the weekend. The dollar stabilised during the morning which helped bond prices rise slightly.

The price of the 8.75 per cent benchmark Treasury long bond was up ⅛₂ of a point at 99⅞₂ by late afternoon yielding 8.82 per cent. Short maturity notes were unchanged while the bond equivalent yield on three-month Treasury bills slipped two basis points to 5.94 per cent.

The markets are pre-occupied by the backlog of Treasuries which will be auctioned after Congress raises the Federal Government's debt ceiling. It is thought on Wall Street that an interim increase will be passed tomorrow or Thursday which would allow a temporary resumption of debt sales.

The Treasury's August quarterly refunding might have to be postponed, however, by about 10 days to around August 15, by which time a permanent increase should have been approved.

CANADA

AS THE Canadian dollar fell and thus fears of higher interest rates rose, Toronto stocks gave up much of Friday's advance.

Mines featured among losses. Dome Mines was C$¼ down at C$18⅝, Noranda C$⅛ at C$33⅞ and Falconbridge C$½ at C$36⅞. Cominco fell C$⅛ to C$20¼ as talks aimed at ending a strike in British Columbia broke down.

Montreal eased slightly. Vancouver was marginally higher.

FURTHER profit-taking undermined gold and other shares in Johannesburg as the financial rand strengthened and the bullion price held steady.

Vaal Reefs shed R12 to R470, Kloof lost R1.25 to R47.50 and Driefontein was R1.25 lower at R89.50. Other golds were little changed, but Libanon made one of the few gains, adding R1 to R87.

Among other miners, De Beers was down 50 cents at R47.75, while Rustenburg Platinum lost R3 to R56.50. Mining financial Anglo American fell R1.50 to R65.25.

Lower industrials included Barlow Rand, down 25 cents at R25.50, and Sasol, off 20 cents at R14.

Olli Virtanen on a tiny bourse coming of age

Helsinki record run defies doomsters

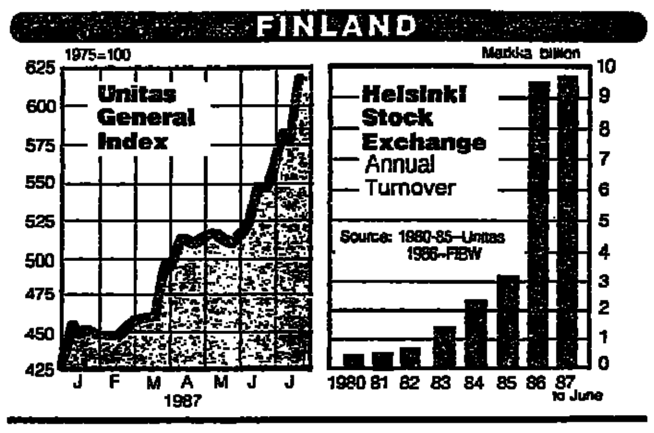
CONTRARY to frequent predictions of a downturn the Helsinki Stock Exchange is clocking all-time highs almost weekly.

Stock prices, which gained an average of 65 per cent last year, have since risen by another 44 per cent. Turnover had reached FM 9.8bn ($2.2bn) at the end of June, compared with the figure of FM 9.4bn for the whole of 1986, given by the International Federation of Stock Exchanges.

During the past couple of years the Helsinki exchange has come of age. Its volume may still be tiny compared with the biggest bourses but it is growing fast. The average monthly turnover today far exceeds the annual total only four years ago.

At the same time prices have risen to "international levels." Price/earnings figures of around 5 were quite common only a year ago. Today the average weighted p/e ratio is 15.

The continuous bull market has a number of roots. First and foremost, Finland's economy is in exceptionally good shape. GDP is growing at an annual rate of 3.8 per cent, exceeding that of practically all European countries in the Organisation for Economic Co-operation and Development.



Exports to Western Europe should increase substantially this year and inflation should be held at around 3.5 per cent. Confidence in the Markka, which came under heavy speculation a year ago, has been restored and the currency is in no immediate danger of being devalued.

The corporate sector, particularly forestry, is expected to show substantially better results this year than the last. Some analysts predict net income will rise by an average of 30 per cent from last year, and investment activity has not been seriously hurt by relatively high interest rates.

The Bank of Finland has allowed the money supply (M1) to grow substantially during the past two years. Tax reforms and lower oil prices have left Finns with plenty of funds to invest in securities. Moreover, Finland's new coalition Government, led by the Conservatives and the Social Democrats, has no immediate reason to embark on a tighter fiscal policy than the previous cabinet.

Other reasons for the strong market are more directly related to shares. A new law on unit trusts will enable the first such funds to start business in September, a move expected to boost demand for securities considerably.

The Stock Exchange may also welcome new entrants if state-owned companies are partially floated. The Government is expected to allow a subsidiary of the fertiliser group Kemira, as well as Valmet Paper Machines, the world's leading manufacturer of paper-making machinery, to sell minority stakes to private investors.

Postipankki, the post office bank, is due to become a limited liability company, ending its present status as a government office. This, however, may not involve a public flotation, or a quotation, since the shares will probably be distributed among other state-held companies and offices.

Investors would welcome practically any new entrant. The few new companies, mainly on the over-the-counter list, have seen their issues subscribed dozens of times over, reflecting the constant lack of scrip.

Rising share prices have proved doom-mongers wrong month after month. But there is the danger that the longer the upturn continues the likelier their predictions may become, resulting in painful reality for hordes of new Finnish investors who have seen nothing but growth in the market place.

EUROPE

Brussels and Madrid soar away

WHILE Belgian and Spanish share prices rose to unprecedented levels, most other European bourses moved narrowly in sluggish trade affected more by internal than international factors.

Brussels shot to a sixth successive record as locals joined the buying spree begun on Friday by overseas investors. The stock exchange index rose 91.49 to 5,247.61.

Holdings featured strongly. Réserve, the share of Société Générale de Belgique, edged BFr 30 higher to BFr 4,170 after news of the company's planned October rights issue. GBL picked up BFr 80 to BFr 4,130, Sofina BFr 300 to BFr 15,800 and Tractebel BFr 150 to BFr 8,300.

Petrofina's BFr 275 rise to a year's high of BFr 13,450 led a strong chemicals sector, with UCB rising BFr 475 to BFr 11,925. Of the utilities, Ebes put on BFr 180 to BFr 5,380 and Electrafina BFr 170 to BFr 8,270.

Metal Hoboken closed BFr 520 up at another year's high of BFr 9,100. Vieille Montagne was BFr 180 stronger at BFr 6,240.

Madrid extended the gains prompted on Friday by the Bank of Spain's rosy economic forecast and reached record levels. The general index closed up 6.71 at a peak of 270.87.

Chemicals and banks headed the field, with Central moving up 20 percentage points to 1,012 per cent of nominal market value. Santander added 7 points to a year's high of 1,317. It will become this week the third Spanish group to be listed on the New York exchange.

Explosivos Rio Tinto added 10 points to 870 per cent. Torras Hostench, in which the Kuwait Investment Office has a minority holding, said it has bought a 15 per cent stake in the chemicals group.

Frankfurt closed down but off the day's lows as late bargain hunting lifted a quiet session devoid of overseas interest. The Commerzbank index slipped 4.0 to 1,931.0.

Pessimism over forthcoming first-half results for the big banks pushed them broadly lower. Deutsche fell DM 3.30 to DM 835, Dresdner DM 4 to DM 330 and BHF lost DM 9 to DM 456. Commerzbank edged down 70 pfg to DM 283.30.

Export-dependent cars and machine makers were mixed but little hurt by news that West Germany's exports fell 2.8 per cent in June. BMW and VW gained DM 2 and 50 pfg respectively to DM 699 and DM 391.50. Daimler, however, lost DM 7.50 to DM 1,145.50 and Porsche was off DM 6.50 up DM 976. Machinery issue MAN added 50 pfg to DM 190.50. Mannesmann gave up DM 1 to DM 172.

Amsterdam ended mixed as the market consolidated recent gains amid caution prior to a crop of corporate results due in the next few weeks.

The first international to report will be Philips on Wednesday. It gained 70 cents to Fl 56.30 as the market discounted expected 30 per cent higher first-half earnings. Other international blue chips eased.

The ANP-CBS index, which is weighted heavily in favour of these issues, fell back 2 to 314.9.

The publishing saga continued as trading was suspended in shares of Kluwer, Elsevier and Wolters Samsom, after Elsevier effectively raised its hostile bid for Kluwer by Fl 46.20 to Fl 444 a share. At suspension, Elsevier was 30 cents off at Fl 53.80, Kluwer Fl 2 up at Fl 414 and Wolters Samsom 50 cents lower at Fl 125.

Paris retreated under profit-taking after an opening advance.

Electronics and construction stocks, the leaders of last week's gains, were worst hit by the profiteers. Matra lost FFr 90 to FFr 2,070 and Legrand preferred shares were FFr 75 off at FFr 2,460. SEB dipped FFr 24 to FFr 890 and SAT FFr 20 to FFr 70.

Bouygues, negotiating a possible takeover of Agroman of Spain, lost FFr 28 to FFr 1,175 among constructors, with GTM FFr 19 lower at FFr 706. Entreprise Jean Lefebvre gave up FFr 22 to FFr 870.

Zurich softened in sluggish trade, still depressed by sales of Nestlé shares. Nestlé bearers gave up SFr 350 to SFr 10,050 after the group last week forecast level earnings for the year and lower sales.

Sandoz registered, however, climbed SFr 300 to SFr 14,400 following Friday's favourable interim results.

Banks and insurers followed the easier trend.

Milan edged higher in moderate trade as market optimism grew that Prime Minister-designate Mr Giovanni Goria would succeed in forging a new governing coalition.

Among leading blue chips, Fiat closed L96 higher at L12,146 and Montedison rose L43 to L2,468. Olivetti gained L245 to L12,495.

Clothier Benetton, however, sank L790, or 4.3 per cent, to L18,500.

Stockholm was marginally firmer despite a rise in domestic interest rates.

Carmaker Volvo strengthened SKr 2 to SKr 362 on a wave of foreign buying which took the share's sessional turnover to nearly a third of the bourse's total SKr 184m.

Oslo fell under the combined blows of profit-taking and a dip in oil prices. The all-share index was 3.46 lower at 348.98.

Engineering group Kvaerner lost NKr 5.50 to NKr 220.

London slides further

A FRESH setback in government bonds set the scene for another day of sliding equity prices in London yesterday. Buyers backed off amid worries about interest rates and the huge backlog of unsettled equity deals.

Bonds closed near the day's lows, with net falls of 1¾. However, equities staged a late rally, and a final loss of 13.0 to 2,333.9 in the FT-SE 100 index compared with a fall of 31 at mid-session. The FT Ordinary index lost 10.8 to 1,834.2.

The rally angured well for today's market debut by BAA. Its shares were trading around 141p in the grey, or unofficial, market yesterday, effectively a 41p premium on the partly-paid price.

Details, Page 38

ASIA

Trusts move in to lift Nikkei above 24,000

TOKYO

INVESTMENT TRUSTS stepped into the Tokyo market late in the day yesterday, lifting the Nikkei average above 24,000 for the first time in eight trading days, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei firmed 140.07 to end at 24,104.98 after slumping 121 at one stage. However, turnover weakened from Friday's 801m to 364m shares as buying interest focused on issues sensitive to commodity market movements and on smaller-capital stocks. Advances led declines by 451 to 402, with 139 issues unchanged.

The market has risen a total of 1,262 points in three days from July 23, recouping almost all the 1,300-point loss suffered in the four days from July 17.

Buoyancy has returned to the market partly thanks to investment trust's bargain-hunting since July 23. The bellwether index scored its largest single-day surge of 906 on Friday.

The slide into lethargy in early trading yesterday reflected investor disappointment at the subdued stance of institutions late last week, brokers said.

In afternoon trading the investment trusts began buying in small lots, prompting purchases by securities companies.

Stocks of firms with strong earnings prospects were among the best performers. Nisshin Steel headed the actives list with 13.92m shares traded, adding Y1 to Y481 after shedding Y15. Its strength was credited to expectations of a recovery in the stainless-steel market and brisk demand from the housing sector.

Reflecting the comeback in the aluminium market, Sumitomo Light Metal Industries strengthened Y20 to Y481 and Showa Aluminum Y17 to Y765.

Tokyo Steel Mfg, with 10.50mshares traded, climbed Y50 to an all-time high of Y1,150 on increasing demand for rolled steel.

Tokuyama Soda advanced Y50 to Y840 on investor appraisal of rising chemical prices, while Snow Brand Milk Products rose Y80 to Y1,690 due to renewed investor interest in its growth potential in the biotechnology field.

Heiwa Real Estate added Y40 to Y2,050, Yamato Kogyo Y30 to Y1,190 and Arai-Gumi Y200 to Y1,510 in buying for quick profits.

In the large-capitalisation sector, Nippon Steel, second-busiest issue with 12.62m shares, and Ishikawajima-Harima Heavy Industries, both increased Y2 to Y329 and Y615. Tokyo Electric Power added Y180 to Y6,300.

High-technology stocks closed mixed: Sony gained Y70 to Y4,470, TDK was up Y120 to Y5,000 and Matsushita Electric Industrial added Y10 to Y2,310, while NEC weakened Y10 to Y1,840.

Elsewhere, financials rebounded in late trading after falling steeply in the morning. Major stocks in this sector ended lower, with Sumitomo Bank easing Y60 to Y3,690 and Nomura Securities Y40 to Y4,550.

Bonds tumbled after surging at the weekend. The yield on the benchmark 5.1 per cent 10-year government bond due in June 1996 shot up from Saturday's 4.535 per cent finish to 4.740 per cent in block trading on the Tokyo Stock Exchange after plunging to 4.510 per cent at one stage.

The yield's rally reflected growing concern over high prices, dealers said. The yield later reached 4.750 per cent in inter-dealer trading.

SINGAPORE

THE LATEST suspension of trading in First Capital shares set off sharp losses in afternoon trading in Singapore, with the Straits Times industrial index shedding 23.38 to 1,338.37.

Turnover also fell from Friday, by 9.5m shares to 41.5m, which was seen in some quarters as a sign that the recent setback in the market was not creating any investor panic.

The First Capital suspension at its own request came after the share price had picked up 6 cents to S$1.80 on 2.4m shares traded after plunging 49 cents last week.

Elsewhere, Chuan Hup recovered 1 cent to S$2.21 after the company denied rumours that it was under investigation for impropriety. It had fallen 37 cents last week.

Fourth suspension for First-Capital, Page 24

HONG KONG

AN ACTIVE session in Hong Kong saw prices little changed at the close after late profit-taking cancelled earlier gains. The Hang Seng index was 3.27 up at 3,346.87.

Cheung Kong, whose long-rumoured share placing finally materialised, lost 10 cents to HK$12.30. Hutchison Whampoa was also off 10 cents at HK$13.20.

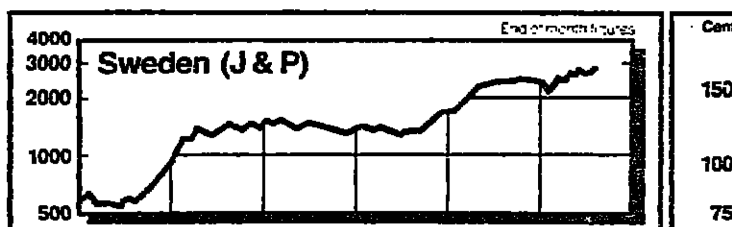
Evergo added 2 cents to 72 cents after news it had sold its nearly 35 per cent in Hongkong Hotels, while the latter added HK$1.50 to HK$64.50. Evergo is to buy a stake in the local Oriental Daily News.

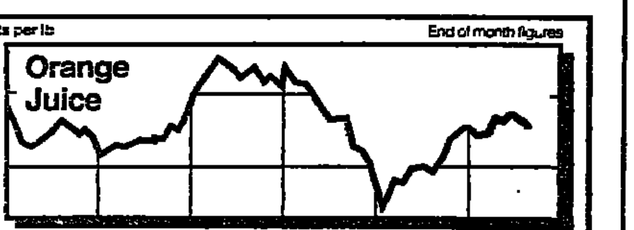
AUSTRALIA

INDUSTRIALS attracted late buying in Sydney, countering a fall in golds and resources to leave share prices overall little changed. The All Ordinaries index finished 0.1 lower at 1,998 in heavy trading.

Among the industrials, Elders IXL added 10 cents to A$5.24 in advance of its restructuring announcement. AFP Investments, which put forward the plan, climbed 8 cents to A$3.60.

KEY MARKET MONITORS





STOCK MARKET INDICES

	July 27	Prev	Year ago
NEW YORK			
DJ Industrials	2,493 94	2,485 33	1 810 04
DJ Transport	1 056 38	1,052 42	720 50
DJ Utilities	201 04	199 91	207 45
S&P Comp	310 65	309 27	240.22
LONDON FT			
Ord	1,834 20	1,845 00	1,263 80
SE 100	2,333 90	2 346 90	1,545 80
A All-share	1,196 50	1,192 66	767 96
A 500	1,307 45	1 314 92	839 57
Gold mines	439 80	442 80	199.30
A Long gilt	9 49	9 35	9 54
World Act Ind (July 24)	129 26	126 91	93 49
TOKYO			
Nikkei	24,104 98	23 942.94	18 050 6
Tokyo SE	2007 33	1,999.35	1 452.02
AUSTRALIA			
All Ord	1,999 1	1,998 0	1,118 8
Metals & Mins	1,277 3	1,280 5	491.1
AUSTRIA			
Credit Aktien	218 11	213 42	229 78
BELGIAN SE	5,247 60	5,156 12	3,646 74
CANADA			
Toronto			
Met & Mins.	3,256 1	3,263.29	1,974 0
Composite	3,946 4	3,956 31	2,957.50
Montreal			
Portfolio	1,983 74	1,985 56	1,481.75
DENMARK SE			
SE	(—)	203.88	202.59
FRANCE			
CAC Gen	415 30	414 0	377.5
Ind. Tendance	106 40	107.0	89.70
WEST GERMANY			
FAZ-Aktien	636 89	639 28	616 31
Commerzbank	1,931 00	1 935 0	1,851 7
HONG KONG Hang Seng	3,346 87	3 343 60	1 543 57
ITALY Banca Comm	684 41	679 92	717 66
NETHERLANDS ANP CBS			
Gen	314 90	316 90	292 2
Ind	268 60	270 00	283 7
NORWAY Oslo SE	455 77	460 90	326 07
SINGAPORE Straits Times	1 338 30	1,361 75	726 92
SOUTH AFRICA JSE			
Golds	—	2,334.0	1 314 9
Industrials	—	2,116 0	1,209.5
SPAIN Madrid SE	270 87	264 16	(c)
SWEDEN J & P	n/a	2,862 0	2,455 13
SWITZERLAND Swiss Bank Ind	—	651 7	513 9

COMMODITIES (London)

	July 27	Prev
Silver (spot fixing)	479 60p	475 8p
Copper (cash)	£1 063 0	£1 068 50
Coffee (Sept)	£1,235 00	£1,217 50
Oil (Brent Blend)	$19 325	$19 525

GOLD ($/oz)

	July 27	Prev
London	$452 25	$453 25
Zürich	$452 50	$453 45
Paris (fixing)	$451 39	$451 92
Luxembourg	$453 40	$453 75
New York (August)	$454 20	$454 50

CURRENCIES (London)

	US DOLLAR July 27	US DOLLAR Previous	STERLING July 27	STERLING Previous
$	—	—	1 5985	1 6040
DM	1 8550	1 8535	2 9650	2 9725
Yen	150 35	149 90	240.25	240.50
FFr	6 1725	6 1675	9 8675	9 8925
SFr	1 5395	1 5365	2.46	2.4625
Fl	2.0930	2 0865	3.34	3.3475
Lira	1 342	1 341	2.145	2 151
BFr	38 45	38.40	61.70	61.65
C$	1 3345	1 3390	2 1332	2 1475

INTEREST RATES

	July 27	Prev
Euro-currencies (3-month offered rate)		
£	9⁷⁄₁₆	9⁹⁄₁₆
SFr	3¹⁵⁄₁₆	3¹⁵⁄₁₆
DM	4³⁄₁₆	4
FFr	8	8⁷⁄₁₆
FT London Interbank fixing (offered rate)		
3-month US$	7⁷⁄₁₆	7
6-month US$	7⅝	7⅛
US Fed Funds	6⅝*	6⅝
US 3-month CDs	6 65*	6 875
US 3-month T-bills	5 78*	5 92

FINANCIAL FUTURES

	Latest	High	Low	Prev
CHICAGO				
US Treasury Bonds (CBT) 8% 32nds of 100%				
July 27 (Sept)	89–27	90–06	89–18	89–25
US Treasury Bills (IMM) $1m points of 100%				
(Sept)	93 91	93 93	93 87	93.92
Certificates of Deposit (IMM) $1m points of 100%				
(Sept)	—	—	—	—
LONDON				
Three-month Eurodollar $1m points of 100%				
(Sept)	92 68	92.68	92.64	92.66
20-year Notional Gilt £50 000 32nds of 100%				
(Sept)	119-13	120-29	119-07	121-04

US BONDS

Treasury

	July 27 Price	July 27 Yield	Prev Price	Prev Yield
7⅞ 1989	99²⁴⁄₃₂	7 512	99²⁶⁄₃₂	7 42
7 1994	97³⁰⁄₃₂	8.394	98⁶⁄₃₂	8.38
8½ 1997	99¹⁶⁄₃₂	8 573	99²²⁄₃₂	8.55
8¾ 2017	99⁵⁄₃₂	8 829	99²⁶⁄₃₂	8.78

Source Harris Trust Savings Bank

Treasury Index July 27

Maturity (years)	Return index	Day's change	Yield	Day's change
1–30	153 17	+0.23	6.93	−0 03
1–10	154 63	+0.12	6.66	−0.03
1– 3	144 03	+0 07	6 37	−0 03
3– 5	157.57	+0 17	6.71	−0.03
15–30	193.58	+0.59	7.78	−0.03

Source: Merrill Lynch

Corporate

	July 27 Price	July 27 Yield	Prev Price	Prev Yield
AT & T 3⅞ July 1990	93 12	9.50	93.24	5.45
SCBT South Central 10⅞ Jan 1993	102.125	10.36	102.0	10.39
Phibro Sal 8 April 1996	90 97	9 55	91.25	9.50
TRW 8¾ March 1996	95 65	9.50	95.93	9.45
Arco 9⅞ March 2016	99.28	9.95	99.75	9.90
General Motors 8⅝ April 2016	82.77	9.95	83.17	9.90
Citicorp 9⅝ March 2016	90.25	10 45	90.67	10 40

Source: Salomon Brothers

* *Latest available figures*